



LAL LANKA ASHOK LEYLAND PLC

Engineering Your Green Future



Annual Report

2023 / 24

VISION

To be the leading Corporate stakeholder in the nation's transportation infrastructure

MISSION

To cultivate a flexible and productive workforce centered on our customer's needs and requirements, capable of swiftly adapting and innovating transport solutions to become the most trusted partner for mobility solutions in the Country



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ABOUT THE COMPANY

Lanka Ashok Leyland PLC was incorporated in 1982 as a joint venture between Sri Lanka and India, with 41.77% of the Share Capital held by Lanka Leyland (Pvt) Limited, a fully owned Company of the Government of Sri Lanka and 27.85% of the Share Capital held by Ashok Leyland Limited - India. The Company was Listed on the Colombo Stock Exchange in 1983. The registered office and the main factory is located at Panagoda, Homagama: there are presently 14 sales outlets and 22 authorized service centers spread throughout the country.

MAIN ACTIVITIES

The main activities of Lanka Ashok Leyland PLC are:

- Import of Semi-Knocked-Down (SKD) Chassis and assembly of Ashok Leyland commercial vehicles, with technical assistance from Ashok Leyland Limited, India.
- Import and marketing of Commercial Vehicles, Spare Parts and Power Generators.
- Fabrication of steel and aluminum bodies for Trucks.
- Truck body fabrication for special requirements.
- Rehabilitation of old and accidental vehicles.
- Providing of day to day repairs and maintenance services, including provision of spare parts.
- Providing vehicles on hire.

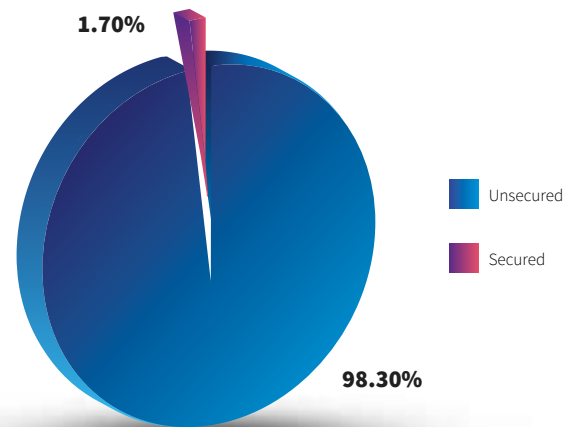
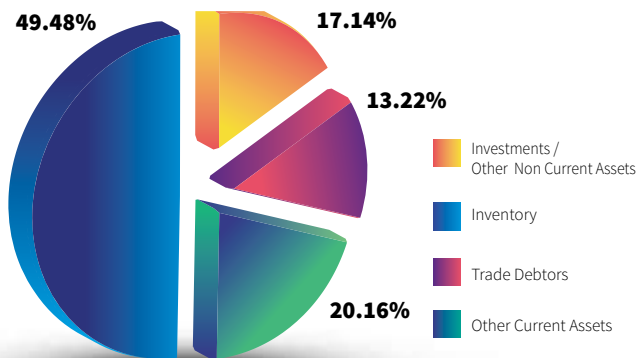
Lanka Ashok Leyland PLC is a ISO 9001:2015 certified Company for Quality Management System of Marketing, Assembly, Body Building and Repair of Commercial Vehicles.

FINANCIAL HIGHLIGHTS

TOTAL ASSETS
Rs.7,584.96Mn

NET WORTH
Rs.4,589.40Mn

TOTAL LIABILITIES
Rs.2,995.56Mn



INVESTMENTS / OTHER NON CURRENT ASSETS	VALUE (Rs.)
Fixed Assets	1,051,332,875
Right-of-use Assets	16,771,752
Intangible Assets	644,325
Financial Investments	131,904
Deferred Tax Asset	231,069,976
SUBTOTAL	1,299,950,832

INVENTORY	VALUE (Rs.)
Vehicles	1,449,586,410
Spare Parts & Consumables	579,919,832
Generators	27,374,629
Cab/Bodies & Work in Progress	369,965,145
Goods in Transit	1,325,896,089
SUBTOTAL	3,752,742,105

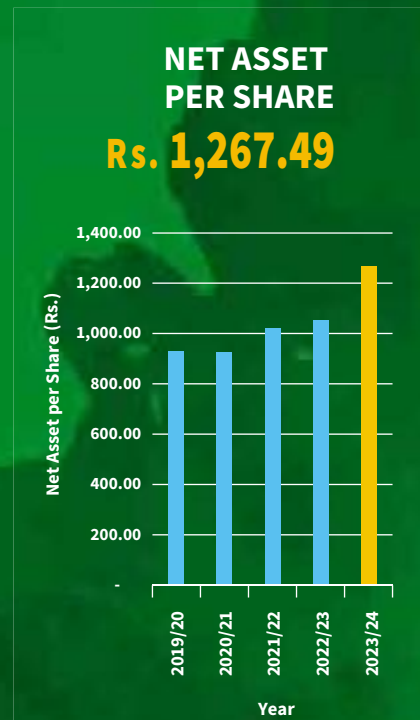
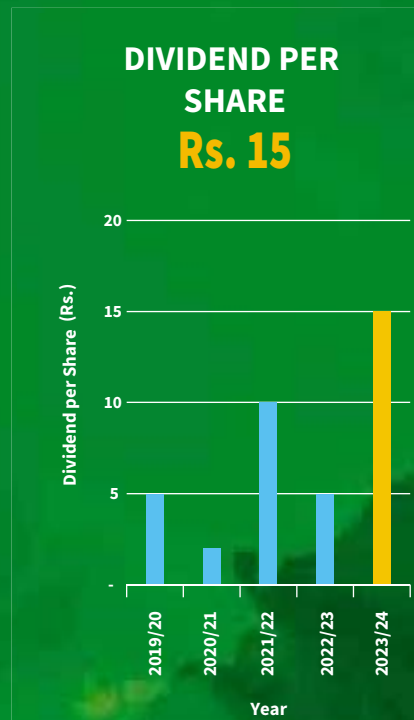
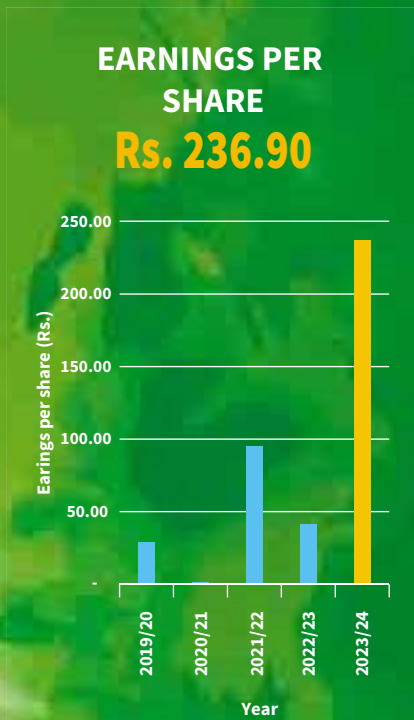
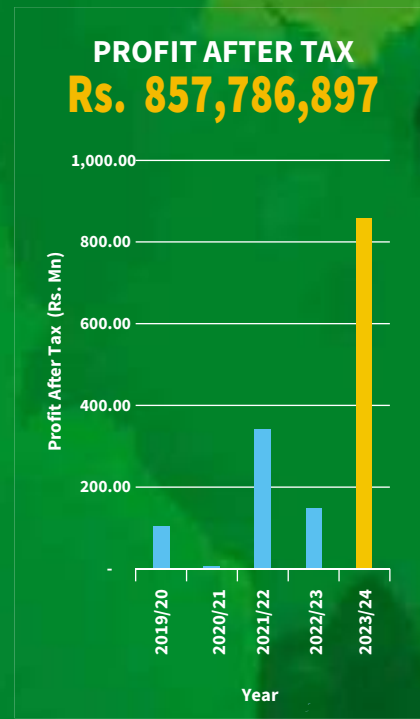
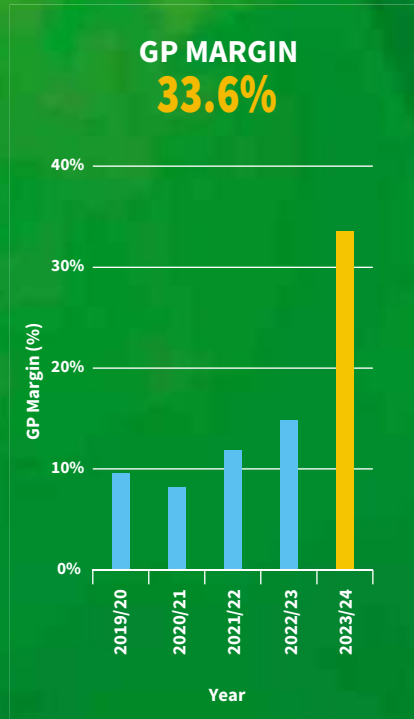
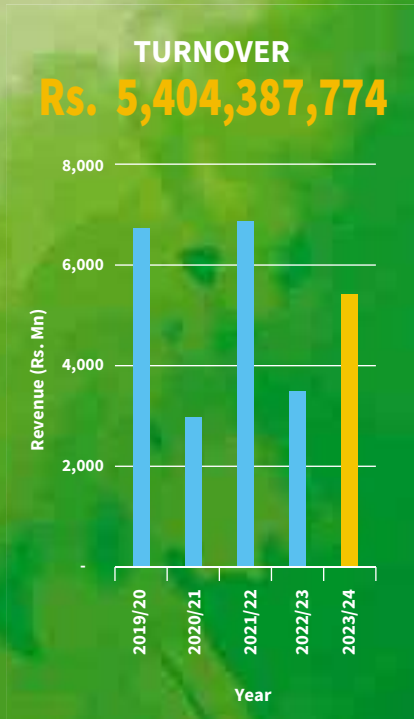
TRADE DEBTORS	VALUE (Rs.)
Lease Customers	415,867,412
Other Customers	586,997,809
SUBTOTAL	1,002,865,221

OTHER CURRENT ASSETS	VALUE (Rs.)
VAT Receivable	31,798,199
Deposits and Prepayments	55,924,997
Other Receivables	561,214
Cash and Cash Equivalent	1,441,114,057
SUBTOTAL	1,529,398,467

























UNSECURED	VALUE (Rs.)
Defined Benefit Obligation (Net)	57,723,545
Trade Payables	536,114,362
Accrued Expenses	255,814,219
Income Tax Liability	196,925,645
Amount due to Related Party	1,655,721,179
Other Payables & Warranty Provision	207,585,196
Lease Liability	34,636,142
SUBTOTAL	2,944,520,288

SECURED	VALUE (Rs.)
Bank Overdraft	51,039,458
SUBTOTAL	51,039,458

FINANCIAL HIGHLIGHTS (Contd.)



FINANCIAL HIGHLIGHTS (Contd.)

KEY PERFORMANCE INDICATORS	THIS YEAR (2024)	LAST YEAR (2023)		% CHANGE	5 YEAR TREND
OPERATING RESULTS					
TURNOVER (Rs.)	5,404,387,774	3,487,704,617	↑	55%	
GROSS PROFIT (Rs.)	1,814,416,037	518,286,304	↑	250%	
OPERATING PROFIT (Rs.)	1,194,255,809	33,687,501	↑	3445%	
PROFIT BEFORE TAX (Rs.)	1,253,152,498	80,823,090	↑	1450%	
PROFIT AFTER TAX (Rs.)	857,786,897	148,994,115	↑	476%	
DIVIDEND PROPOSED / PAID (Rs.)	54,312,645	18,104,215	↑	200%	
CAPITAL STRUCTURE					
EQUITY (Rs.)	4,589,396,879	3,814,335,267	↑	20.3%	
PROFITABILITY INDICATOR RATIOS					
GROSS PROFIT MARGIN (%)	33.6%	14.9%	↑	18.7%	
NET PROFIT MARGIN (%)	15.9%	4.3%	↑	11.6%	
RETURN ON ASSETS (%)	11.3%	2.9%	↑	8.4%	
RETURN ON EQUITY (%)	18.7%	3.9%	↑	14.8%	
RETURN ON CAPITAL EMPLOYED (%)	26.0%	0.9%	↑	25.1%	
LIQUIDITY MEASUREMENT RATIOS					
CURRENT RATIO (NO OF TIMES)	2.13	3.21	↓	-34%	
QUICK RATIO (NO OF TIMES)	0.85	0.96	↓	-12%	
DEBT RATIOS					
GEARING RATIO (%)	0.01%	0.01%	→	0%	
EQUITY RATIOS					
NET ASSET PER SHARE (Rs.)	1,267.49	1,053.44	↑	20%	
EARNINGS PER SHARE (Rs.)	236.90	41.15	↑	476%	
DIVIDEND PER SHARE (Rs.)	15.00	5.00	↑	200%	
PRICE EARNINGS RATIO	2.91	19.15	↓	-85%	
DIVIDEND PAYOUT (%)	6.3%	12.2%	↓	-6%	
MARKET VALUE PER SHARE (Rs.)	690.25	788.00	↓	-12%	
HIGHEST MARKET VALUE (Rs.)	820.00	815.00	↑	1%	
LOWEST MARKET VALUE (Rs.)	576.00	566.00	↑	2%	
MARKET CAPITALIZATION	2,499,286,881	2,853,224,284	↓	-12%	



THE CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Stakeholder,

It is with great pride that I present the annual performance of Lanka Ashok Leyland PLC (LAL) for the year 2023/24. Having faced several years of social and economic disruptions, LAL has navigated this period with resilience and strength and I would like to thank the entire team of LAL for their steadfast commitment and dedication in achieving these results.

The Economy in 2023

Following a GDP contraction of 7.3% in 2022, Sri Lanka's GDP contracted by 2.3% in 2023. The first half of the year saw a contraction while the second half of the year witnessed growth in the economy, a trend we continued to see in 2024 and are optimistic that this trajectory will continue.

During the year, the government negotiated a 4 year IMF program of which the first disbursement of approximately USD 330Mn was approved in December 2023 and the second disbursement due by 2nd quarter of 2024. As conditioned by the IMF program, the government increased personal, corporate and value added taxes, while taking steps to reduce losses at many of its state owned enterprises, while introducing new reforms to improve governance and oversight.

Despite the increase in taxes and energy costs, average inflation for 2023 stood at 16.5% compared to over 50% in 2022. Monthly inflation had fallen to 4% by December against over 50% at the start of the year.

The exchange rate peg that was released in 2022 resulted in the LKR-USD rate reaching LKR 363.11 at the end of 2022 and improving to LKR 323.92 by the end of 2023. The Rupee has further strengthened in the first quarter of 2024 to almost LKR 300 per USD by March 31st 2024.

The country had suspended foreign debt servicing as it restructures its external debts with foreign creditors and import restrictions have relaxed for most items except for the import of vehicles. Improved foreign exchange inflows from remittances and tourism has resulted in foreign reserves climbing to USD 4.5Bn at the start of 2024 compared to USD 2.1Bn a year earlier.

Similarly, interest rates have also dropped sharply with the average prime lending rate falling from 27% at the start of 2023 to just over 12% by year end.

The transportation sector saw an improvement in activity as fuel was available albeit at an increased cost. Due to import restrictions overall vehicle registrations for the year until September have been at 17,547 vehicles, marginally higher than 2022. For perspective, the last year before restrictions were imposed saw over 200,000 vehicle registrations.

Financial Highlights

Lanka Ashok Leyland's bold decision to maintain a sizeable inventory through the crisis years Additionally, the company took a very progressive approach towards navigating the import restrictions on commercial vehicles by innovating our operations by investing in state of the art plant and equipment to boost the local value addition.

Revenue for the year rose 55% in 2023 YoY which was driven by improving demand conditions coupled with our sizeable inventory position to meet it. The strategic and bold decision to retain our inventory and to absorb the sizeable costs over the past few years continues to pay off and allowed us to increase our market share. This coupled with the government's decision to allow selective imports of semi knock down kits to assemble and manufacture locally allowed the company to meet demand where it arose.

Sale of vehicles accounted for 78% of total turnover with revenue from vehicle hiring, spare part sales, and workshop repairs rose 87%, 60%, and 76% respectively.

While revenue rose 55% year on year, cost of sales grew by 21% which saw gross profit margin expand from 15% in 2022 to over 34% in 2023. As a result the gross profit increased 250% to LKR 1.8Bn compared to LKR 518.3Mn last year.

Despite the inflationary environment and the increased cost-of-living and energy costs, overheads were prudently controlled at LKR 814.7Mn in 2023, a mere 6% increase from LKR 767.3Mn.

Prudent management and leadership through the crisis saw the company deleverage its balance sheet over the past few years successfully. The company continued to maintain strong balance sheet with practically no debt and an inventory of LKR 3.8Bn, an increase of 43% from a year ago leaving it well positioned to cater to demand in the coming year.

The net asset per share of the company grew 20% to LKR 1,267.5 and the net profit for the year 2023 stood at LKR 857.8Mn, a 476% increase year on year with an earnings per share of LKR 236.9, up from LKR 41.2 a year earlier.

THE CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

Corporate Social Responsibility

Lanka Ashok Leyland continued its efforts to uplift the community and support its stakeholders through this period of volatility and uncertainty. I am grateful to our dedicated staff who, despite personal hardships, sustained and championed the various initiatives the company has been involved in over the past few years.

During the height of the crisis the company stepped with its bowers to assist fuel resupply, and even as the worst crisis has ended, we have retooled our operation to provide a mobile fuel solution where necessary. We continue to provide uninterrupted electricity and lighting to the community around our factory so that students may utilize at night for their educational needs. Lastly as the country emerges out of the crisis, there is still far too many who continue to bear the burden and we have been involved in supplying essential food items to surrounding communities.

This year, we continued with our support to the youth by way of providing school buses at cost basis with a commitment of lifelong support and maintenance. Over 122 buses were provided for the transport of school services this year.

We also continued to support the Homagama district hospital in its repair and maintenance requirements during the year as part of our multiyear community support project.

Furthermore, we broadened the curriculum at our education institute and increased the intake of students this year at our Lanka Ashok Leyland training institute which offers NVQ 4 qualifications. In addition, Lanka Ashok Leyland supported the students financially as they study, by providing a monthly stipend along with uniforms, transport and meals.

The company continued its longstanding partnership this year with the Apeksha hospital in Maharagama by providing fuel and buses for the transport of patients and the Friend-in-Need Society where we provide mobile clinic buses utilized to help disabled people receive prosthetic limbs all over the island.

Lastly, due to the rising cost of living, the company also revised worker compensation, bonuses, and benefits and allowances.

Outlook

Looking ahead, we remain optimistic on the prospects of the country and the economy and believe that the worst is behind us. The World Bank, Asian Development Bank and our own Central Bank expect GDP growth in 2024 of around 2-3% and picking up from there in following years.

The macroeconomic picture looks positive with inflation returning to low single digits, interest rates have fallen to a level that will spur investment and capital expenditure, and the rupee has appreciated against the dollar over the first quarter of 2024. Business confidence is also starting to trend upwards.

The expected conclusion of Sri Lanka's restructuring negotiations of its foreign debt with its creditors should also give rise to a sovereign credit ratings upgrade. This will improve access to international capital markets and attract investment and funding into the economy. Finally, there is the expectation of a presidential election which will hopefully provide a level of political stability in the medium term. The successful conclusion of these two events should hopefully set the stage for a stable economic recovery in the coming years.

Lanka Ashok Leyland is well positioned to take advantage of this economic recovery as management has skilfully navigated these years by retaining our staff, maintaining our capacity, and forming closer bonds with our suppliers and contractors.

We will continue to improve and innovate our local supply chain and have expanded our manufacturing capabilities to increase our range of services to our customers.

While we see the lifting of import restrictions as an eventuality, it should be done with careful consideration of the investments made by the local industry over the past few years to boost local value addition and the jobs that have been created as a result.

Lastly, our dominant market position, brand recognition and the trust we have built with our stakeholders as a steadfast, reliable, and supportive partner will continue to drive us forward.

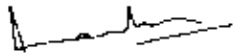
THE CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

Acknowledgements

As we close another strong year for Lanka Ashok Leyland, I am grateful to everyone who has played an instrumental role in guiding the company to where it is now. Firstly, I would like to thank our Chairman and the Board of Directors for their support and guidance this year. I am proud to work alongside a dedicated management team and thank them for their tireless effort. Along with them, I am humbled by the resilience of our employees. They have been exemplary and their commitment is an inspiration that the company has recognized and rewarded in return.

Special appreciation is reserved for our principal, Ashok Leyland India and joint venture partner the Government of Sri Lanka for their unwavering support and trust. To our shareholders, bankers, auditors, and suppliers, we remain grateful for the faith you have placed in us.

Lastly and most importantly, our sincere thanks to all our customers and stakeholders for your patronage. We have been there to serve and support you through the hard times, and we look forward to more prosperous times ahead.



Umesh Gautam

Chief Executive Officer

09th May 2024

BOARD OF DIRECTORS



MR. K. C. LESHAN DE SILVA

Chairman

Mr. Leshan De Silva was appointed as the Non-executive Non-Independent Chairman to the Board of Lanka Ashok Leyland PLC on 15th March 2023 and he also serves as the Chairman of Lanka Leyland (Pvt) Limited.

Mr. Leshan has served as the Managing Director and Board of Director of Jaya Container Terminals Limited, Sri Lanka Ports Authority and prior to that he was the Public Relations Director and Operations Manager of Tapaua Pvt Ltd, Queensland, Australia.

He has more than 10 years of Experience in Operations Management, Business Development, Financial Management and Strategic Planning.

Mr. Leshan holds a Bachelor of Business Management (Hons) from University of Sunderland, United Kingdom.



MR. D P KUMARAGE

Independent Director

Mr. Kumarage was appointed as a Non-Executive Independent Director on the Board of Lanka Ashok Leyland PLC in July 2009.

Mr. Kumarage has over 40 years' experience in Banking and Finance industry. He is the former CEO of People's Leasing & Finance PLC and also the Managing Director of many other subsidiary companies of People's Leasing & Finance PLC. Prior to joining People's Leasing & Finance PLC Mr. Kumarage served as the Deputy General Manager of People's Bank. He was the former chairman of the Leasing Association of Sri Lanka and former Vice President of the Asian Leasing and Finance Association.

Mr. Kumarage holds a Postgraduate Diploma in Modern Banking and is a passed Finalist of the Chartered Institute of Management Accountants, UK.



MR. N SUNDARARAJAN

Independent Director

Mr. Sundararajan was appointed in July 2009, as a Non-Executive Independent Director to the Board of Lanka Ashok Leyland PLC. Mr. Sundararajan was formerly the Executive Director and Company Secretary of Ashok Leyland, India.

He was also an Independent Director, and the Chairman of the Audit Committee of John Cocerill India Ltd, India, (Manufacturers of cold rolling mills, etc. for steel plants), He retired from that position as from 31st March 2024, on the expiry of his approved term.

He is a Commerce Graduate, Cost Accountant, and a Business Management Professional, with background in Law also. He has over 41 years of fulltime industrial experience in varied industries such as iron & steel, textiles, rubber, batteries, and transport, and has handled several international acquisitions, joint ventures, etc. He has also been a Senior Assessor of Business Excellence, and has been a member of several all-India Committees on General Insurance.

BOARD OF DIRECTORS (Contd.)



MR. GOPAL MAHADEVAN

Non-Executive Director

Mr. Gopal Mahadevan was appointed as a Non-Executive Director on the Board of Lanka Ashok Leyland PLC in September 2013. He is the Director and Chief Financial Officer of Ashok Leyland Limited, India. Mr. Gopal also serves as a Director of Gro Digital Platforms Limited.

Prior to Ashok Leyland, Mr. Gopal Mahadevan was working with Thermax Ltd, Pune, as Group CFO, where he had a 7 year stint. Prior to Thermax, he was Group CFO of Amara Raja Batteries Ltd, an equal Joint Venture with Johnson Controls Inc, USA, for over 5 years. During his career, he has worked in Sify, Sanmar Group as well as in TTK Pharma.

Mr. Gopal Mahadevan is a Chartered Accountant and a Company Secretary with over 30 years' experience in Finance function across a variety of industries. He was awarded The Best CFO (Capital Goods & Engineering Industry) by the Institute of Chartered Accountants of India in 2011. He was also awarded the best CFO in the year 2010 by YES Bank Business Today and in 2012 by CNBC TV18 respectively.



MR. D A ABEYWARDENE

Independent Director

Mr. Abeyawardene was appointed as a Non-Executive Independent Director on the Board of Lanka Ashok Leyland PLC in November 2016. He is the Proprietor of D A Abeyawardene Associates, Chartered Accountants and is also a Partner at Hulangamuwa & Cooray, Chartered Accountants.

Mr. Abeyawardene is the Managing Director of Siyasee (Pvt) Limited and also a Director of Corporate Strategic Solutions (Pvt) Limited.

Mr. Abeyawardene has over 50 years' of experience in Financial Management positions in several disciplines including manufacturing, shipping, garment industry, government boards etc. He joined Lanka Ashok Leyland PLC at the time of inception as the Finance Manager / Secretary and held the position of General Manager / Secretary till 1999.

Mr. Abeyawardene is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.



MR. AMANDEEP SINGH ARORA

Non-Executive Director

Mr. Amandeep Singh Arora was appointed as a Non-Executive Director on the Board of Lanka Ashok Leyland PLC on 24th December 2021. He is the Head of International Operations, Ashok Leyland Limited - India and has overall responsibility of Ashok Leyland's Global Sales and Distribution business.

Mr. Amandeep Singh commenced his career with Ashok Leyland in 1992 through campus placement as management trainee and has worked with the company in various capacities across India.

Mr. Amandeep Singh completed his MBA from Institute of Management Technology, Ghaziabad, post his Masters in Operations and is a trained business professional from IIM Ahmedabad and Kellogg School of Management, Chicago.

BOARD OF DIRECTORS (Contd.)



MR. R D BALASUBRAMANIAM

Non-Executive Director (Appointed w.e.f 11th August 2023)

Mr. Ranjith D. Balasubramaniam was appointed to the Board of Lanka Ashok Leyland PLC on 11th August 2023 as the Non-Executive Non-Independent Director.

Mr. Ranjith D. Balasubramaniam brings over 26 years of extensive experience in managerial roles spanning the pharmaceutical, medical devices, and Ayurvedic product sectors. He has a proven track record in manufacturing, marketing, and managing clinics and medical diagnostic centers across Sri Lanka, the Maldives, and the UAE.

Mr. Balasubramaniam holds a Bachelor's degree in Law and a Master of Business Administration. He is also a distinguished member of the Chartered Institute of Marketing (UK). Presently, he is pursuing a PhD in Management at the Rajarata University of Sri Lanka.

MS. H A BOGODAGEDARA

Non-Executive Director (Resigned w.e.f 05th July 2023)

Ms. Bogodagedara was appointed as a Non-Executive Non-Independent Director to the Board of Lanka Ashok Leyland PLC with effect from 15th March 2023 and served as a Director of Lanka Leyland Limited (Pvt) and Deputy Director of Department of External Resources, Ministry of Finance.

Ms. Bogodagedara served as Assistant Director of Ministry of Finance, Ministry of Sports and Rural Development - Western Province, Ministry of Finance and Planning (Sri Lanka Institute for Development Administration) and as Human Development Assistant of Ministry of Labour Relations and Man Power.

Ms. Bogodagedara completed her Bachelor of Arts (Hons) in Statistics, at the University of Sri Jayawardenepura, Master of Arts in Economics at the University of Kelaniya and Master of Applied Economics at the University of Adelaide, Australia.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Lanka Ashok Leyland PLC (LAL) was incorporated in 1982 as a joint venture Company between Lanka Leyland (Pvt) Limited, a fully owned Company of the Government of Sri Lanka and Ashok Leyland Limited, India.

Currently the main business of the Company includes import and assemble of Semi-Knocked-Down (SKD) chassis and fabricate bodies, import and marketing of Ashok Leyland range of vehicles, spare parts, power generators and providing vehicles on hire. The Company also carries out repairs and restoration of commercial vehicles.

LAL is managed by a Board comprised of seven non-executive directors with strong corporate acumen, skills, knowledge and experience aided by astute and knowledgeable support from senior management and external specialists. The Company has established a governance structure that adheres to the laws of the country and ensures compliance with numerous regulatory mandates. As a result, the governance structure consists of committees responsible for specific responsibilities as well as determining strategy and future direction for the Company.

Our mission is to cultivate a flexible and productive workforce centered on our customer's needs and requirements, capable of quickly adapting and innovating transport solutions to become the most trusted partner for mobility solutions in the Country.

In light of above, the Company makes all strategies focusing on following key points;

Value	Action
Giving our shareholders the confidence and trust that we will always do what is best, thus ensuring consistent growth in shareholder value and returns.	Responding to the restriction on import of vehicles and focusing on the encouragements on local industries by the government, the Company realigned its operational strategy towards local assembly of vehicles.
Create a knowledge sharing culture where our customers grow and develop individually and as a group.	The Company passes the knowledge to our customers to get the best out of our products by conducting classroom and hands on training to enhance the knowledge and the experience of our products.
Make our planet healthy and green by contributing towards sustainable development.	The Company launched ecofriendly BS (IV) emission standard vehicles.

Awards and Recognition

We are thrilled to showcase the outstanding achievements and recognition our company has garnered throughout the year. These accolades serve as a testament to our unwavering commitment to excellence and underscore our dedication to delivering exceptional products and services.

Our steadfast commitment to upholding the highest standards of compliance has been acknowledged through the prestigious TAGS Awards by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). We are honored to have been awarded the Silver Award in the Automobile Sector, a recognition of our diligent adherence to regulatory standards. Lanka Ashok Leyland PLC won awards for six consecutive years for its Annual Report in the "Automobile Category".



Further, Lanka Ashok Leyland PLC is a ISO 9001:2015 certified Company for Quality Management System of Marketing, Assembly, Body Building and Repair of Commercial Vehicles.

These accolades serve as a source of inspiration and motivation for us to continue striving for excellence in all aspects of our business operations. We remain committed to upholding the highest standards of quality, compliance, and ethical conduct as we pursue our mission of delivering value to our stakeholders and contributing to sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

ECONOMIC OVERVIEW

The determination and adaptability of Sri Lanka's people and institutions is demonstrated by the country's economy, which has proven resilient in the face of major obstacles during the past year. The nation showed impressive progress in stabilizing its economic landscape despite dealing with political unpredictability and economic volatility.

The government's proactive response to monetary and fiscal policy measures was one of the main pillars supporting this resilience. These steps were taken to control inflationary pressures and currency devaluation, which continued all year long. Authorities effectively steadied the currency rate by acting decisively, reducing volatility that may have worsened the recession.

Furthermore, the government's cooperation with global organizations like the International Monetary Fund (IMF) was crucial in getting through difficult times. Gaining a 48-month Extended Fund Facility (EFF) for roughly three billion USD gave stakeholders and foreign creditors a much-needed boost in confidence.

With an improvement in market confidence following the approval of the International Monetary Fund's (IMF) Extended Fund Facility and increased inflows from export proceeds, worker remittances, tourism earnings, and import restrictions, the severe shortages of foreign exchange liquidity that were observed in 2022 began to ease in 2023. The World Bank and Asian Development Bank's budgetary support also helped to ease the liquidity constraints in the country's foreign exchange market. Consequently, the currency rate had a considerable appreciation and stabilization in 2023 after declining sharply in 2022.

Nonetheless, there was a notable increase in Sri Lanka's gross official reserves (GOR), which increased from USD 1.9 billion in 2022 to USD 5.0 billion by the end March 2024. Significant net foreign exchange purchases by the Central Bank of Sri Lanka and inflows from foreign organizations including the World Bank, Asian Development Bank, and IMF drove this growth. The increase in GOR was also aided by a USD 1.4 billion SWAP facility with the People's Bank of China.

For the first time since April 2021, the reinforced GOR—which includes the SWAP facility—surpassed the benchmark barrier of three months' worth of imports, giving the external sector a much-needed boost. Notwithstanding persistent economic difficulties, tourism revenue and remittance inflows enabled Sri Lanka to turn around its USD 2.8 billion balance of payments deficit in 2022 to a USD 2.8 billion surplus in 2023.

Inflation

Headline inflation based on the Colombo Consumer Price Index (CCPI) peaked in September 2022 at 69.8% and decreased to 1.3% in September 2023. But a number of supply-side factors, such as upward fuel and LP gas prices, higher food prices as a result of crop damages brought on by unfavorable weather, and higher electricity tariff revisions in October 2023, along with the diminishing effects of the favorable base, caused the CCPI-based headline inflation to pick up speed, rising to 4.0% in December 2023 and end of March 2024 was at 0.9%

Interest Rate

The Average Weighted New Lending Rate (AWNLR) declined by 11.8 percentage points to 14.38 per cent by end 2023 compared to end 2022, with a larger portion of the decline taking place since June 2023 with the relaxation of the monetary policy stance by the Central Bank. The Central Bank's easing of monetary policy stance in June 2023 was a major factor in the reduction. Additionally, during the year, the Average Weighted New Deposit Rate (AWNDR) also declined by 12.5 percentage points during the year to 10.55 per cent in December 2023, although a marginal increase in deposit interest rates was observed during September- November 2023.

Exchange Rate

The liquidity conditions in the domestic forex market improved in 2023, mainly in the first half of the year, with subdued import demand and increased forex inflows in terms of workers' remittances and foreign investments to the government securities market. This caused the currency rate to noticeably appreciate along with better market mood.

The currency remained broadly stable and recorded an appreciation of 9.13 per cent against the US dollar by March 2024 as opposed last year.

Overall Evaluation

Even while the country's overall economic performance improved from the year before, the negative growth in 2023 reflects the continued difficulties facing Sri Lanka's economy. In particular, addressing these issues in important industries like services and industry will be crucial to promoting long-term economic growth and stability.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The third and fourth quarters of the year saw growth in each of the three major sectors, indicating that the economy was on the verge of recovery. This steady recovery boosts confidence in the economy's capacity to recover after a contraction in the first two quarters linked to a downturn in the global economy and other factors.

In conclusion, it is admirable how resilient and determined the Sri Lankan economy has been to overcome hardship. The nation has made progress in spite of great obstacles thanks to its proactive approach to economic stability and cooperative efforts with foreign partners. Even though there are still difficulties, the economy's path toward recovery demonstrates both its resiliency and its potential for further expansion.

FINANCIAL REVIEW

The financial year comprised both challenges and opportunities of varying degrees, which Lanka Ashok Leyland PLC navigated and capitalised on efficiently. Resultantly, the Company was able to post impressive financial results furthering its commitment to enhancing shareholder value.

The Company has delivered Rs. 857.79 Mn. as profit after tax for the financial year ended 31st March 2024 which was marked by major risk events and volatility in both the domestic and global economy.

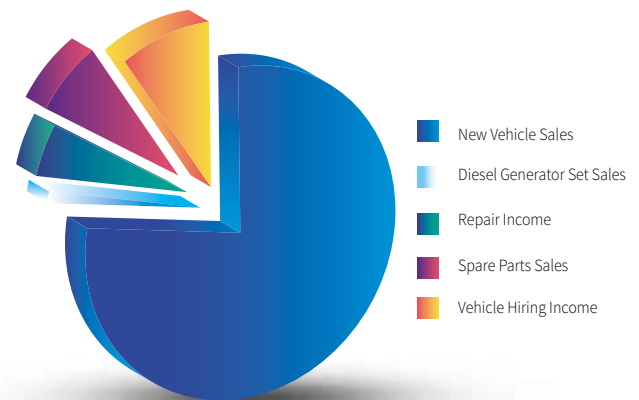
Revenue and Earnings

Revenue recorded a notable increase of 55% in 2024 over 2023 to Rs. 5,404.39 Mn, benefiting from the uptick in the vehicle sale.

Commercial vehicle sales accounted for 78% of total revenue, with the remaining 22% represented by generator sales, repair income, spare parts sales and hiring income.

All revenue sub categories, except for Generator Sales and Local Agency Commission, posted growth, with revenue from sale of commercial vehicle sale showing the highest year to year growth of Rs. 1,530.35 Mn. Income from hiring income, spare part sales and vehicle repairs showed growths of 87%, 60% and 37% respectively.

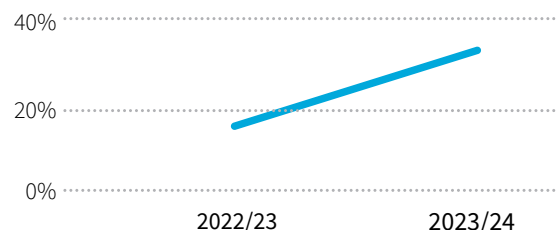
Revenue Composition FY 2023/24



Type of Product / Service	2023/24
New Vehicle Sales	4,229,076,849
Diesel Generator Set Sales	44,486,891
Repair Income	290,180,441
Spare Parts Sales	373,592,210
Vehicle Hiring Income	467,051,383
Total	5,404,387,774

Gross Profit Margin

Gross profit increased by an impressive 250% to Rs. 1,814.42 Mn. The resultant gross profit margin was 33.6%, a steady growth since last years. The improvement in gross profit margins was fueled by cost management strategies and meticulous efficiency enhancements by the management.



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

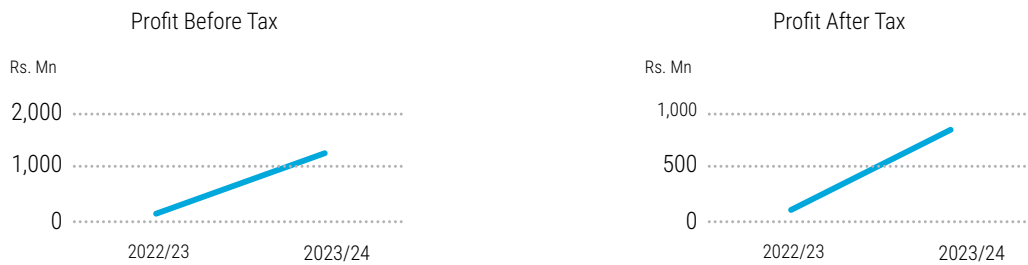
Operating Expenses

Key operating expense categories of Selling & Distribution expenses, Administration expenses and Other Operating expense recorded year to year increases, understandably in line with volume growth of business as well as price level increases. Strong cost discipline across the Company operations and conscious effort to link expenses to meaningful results enabled the Company to achieve a profit from operating activities of Rs. 1,194.26 Mn, a notable growth of 3,445%.

Other Income

Other Income was mostly obtained from lease income, which fell 31% to Rs. 194.55 Mn for the year compared to Rs. 282.67 Mn the previous year as leases reached maturity.

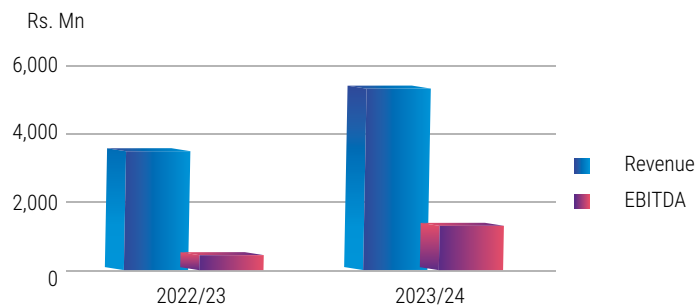
Profitability



LAL maintained a sustainable profitability over the past years and was successful in its efforts to exploit the same in 2023/24. Accordingly, net profit increased by Rs. 708.79 Mn to Rs. 857.79 Mn in the year under review compared to Rs. 148.99 Mn recorded in the previous year.

EBITDA

EBITDA for the financial year reached Rs. 1,345.79 Mn compared to Rs. 158.48 Mn of 2023, a year to year increase of 749%. EBITDA was driven by strong revenue growth, higher revenue flow, and constant cost minimization programs rolled out across our operations. Gross profit margin of 34% also drove EBITDA.



	2022/23 Rs.	2023/24 Rs.
Revenue	3,487,704,617	5,404,387,774
Gross Profit	518,286,304	1,814,416,037
Other Income	282,667,376	194,551,854
EBITDA	158,475,460	1,345,796,399
Net Finance Income	47,135,589	58,896,689
Profit Before Tax	80,823,090	1,253,152,498
Profit After Tax	148,994,115	857,786,897

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Financial Position

The Company's total assets grew by an impressive 48% to Rs. 7,584.96 Mn as of 31st March 2024, with Rs. 2,208.17 Mn in fixed assets that have a net book value of Rs. 1,051.33 Mn. These assets primarily include land, buildings, motor vehicles and plant and equipment. The Company's total asset has also seen a 82% increase in current assets, reflecting wise investments in working capital and short-term financial assets.

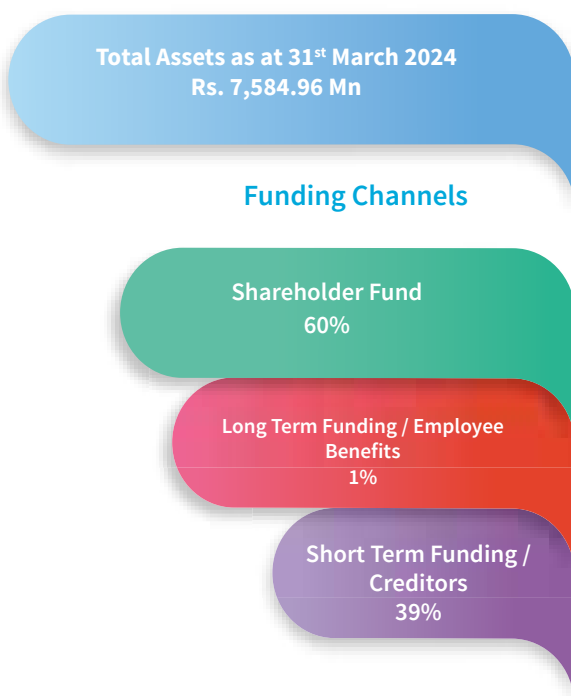
Current assets also grew by 67% with inventory and short term investments. The Company's current ratio is 2.13, which is strong.

The Company's liabilities largely composed of current liabilities, accounting for 98% share of the total liabilities during the year.

Leverage and Capital Structure

The Company continued to be well capitalised with 60% of the funding coming from equity capital. Total equity reached Rs. 4,589.40 Mn by the end of the year with a 20% year to year growth. Total liabilities increased by 129% to Rs. 2,995.56 Mn.

The total assets of the Company as at the ending period, were funded by;



Cash and Liquidity Management

The Company remained steadfast in its commitment to have robust cash and liquidity management practices and continued to evaluate its resilience under various stress-tested scenarios. Building upon the foundation and practices laid during the recent years, the Company prioritises agility in the operating model, with a focused view on cash management and liquidity, even in times of stability.

Cash and Cash Equivalents

Company cash and cash equivalents as at 31st March 2024 stood at Rs. 1,441.11 Mn against Rs. 27.05 Mn in 2022/23. Company cash and cash equivalents comprises of:

- Cash in hand and at bank amounting to Rs. 85.99 Mn.
- Short-term investments amounting to Rs. 1,355.11 Mn. It is pertinent to note that short-term investments include investment in Treasury Bills which amounts to Rs. 1,220.59 Mn.

Working Capital / Liquidity

	31.03.2023 Rs.	31.03.2024 Rs.	Change %
Current Assets	3,747,303,730	6,243,210,102	67%
Current Liabilities	1,166,893,445	2,926,723,596	151%
Working Capital	2,580,410,285	3,316,486,506	29%



Current Assets: The increase in current assets is primarily driven by increase in inventory by Rs. 1,128.75 Mn and short-term investments by Rs. 1,352.81 Mn.

Current Liabilities: Current liabilities recorded a 151% increase, primarily owing to increase in amounts due to related party by Rs.1,322.42 Mn, trade and other payable by Rs. 259.08 Mn.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Cash Flow

Cash and cash equivalents in the Statement of Cash Flows comprise of cash and short-term investments with a maturity of three months or less, and net of outstanding bank overdrafts. On this basis, as at 31st March 2024, cash and cash equivalents increased by Rs. 1,415.99 Mn, to Rs. 1,390.07 Mn.

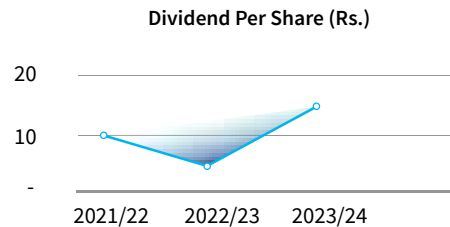
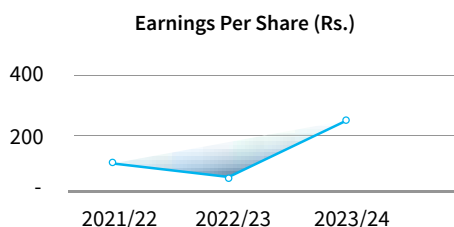
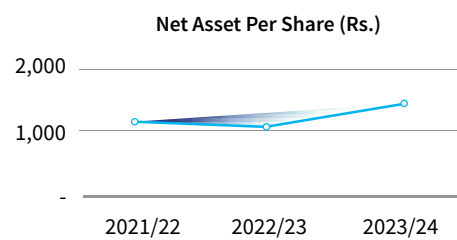
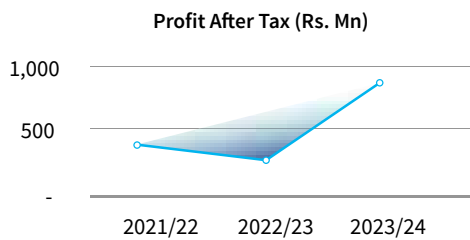
- Net cash flow from operating activities reflected an inflow of Rs. 1,329.41 Mn for 2023/24, primarily on account of cash generation from operations.
- Net cash flow from investment activities reflected an inflow of Rs. 128.20 Mn, primarily due to interest received.
- Net cash from financing activities was an outflow of Rs. 41.62 Mn, primarily on account of the payment of lease liability and dividend.

VALUE CREATED TO SHAREHOLDERS

LAL's value creation is formed on balanced approach towards all stakeholders focusing on shareholder wealth maximization. The Company was able to grow shareholder equity to at Rs. 4,589.39 Mn, a Rs. 775.06 Mn increase from the previous year (2022/23: Rs. 3,814.34 Mn). The contributors were comprehensive income of Rs. 792.10 Mn, which were partially offset by dividend payment of Rs. 18.10 Mn during the year.

Notwithstanding the challenging conditions, the Company continued to deliver sound results to its shareholders. Return on equity for the year was 18.7%, whilst earnings per share was Rs. 236.90. Net asset value per share was Rs. 1,267.49, with the closing share price for the year being Rs. 690.25.

	2022/23	2023/24	Change
Net Asset Per Share (Rs.)	1,053.44	1,267.49	20%
Earnings Per Share (Rs.)	41.15	236.90	476%
Dividend Payout (%)	12.15%	6.33%	(6%)
Price Earnings Ratio	19.15	2.91	(85%)



**Value
Created to
Share
Holders**

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

KEY CHALLENGES AND OPPORTUNITIES

Risks and challenges are inextricably linked in the business of running an organization, regardless of whether the risk stems from environmental problems, social dissatisfaction, political and social instability, or natural disasters. These can be costly, have negative publicity, threaten operating frameworks and also prompt unforeseen expenditure. Reputational damage too can far exceed the immediate cost impacts.

While we seek to proactively reduce and manage these risks, challenges have never been a deterrent for us; rather, they have been a means of directing us towards opportunity and improving business performance over time. These opportunities have driven us to enhance business growth, while ensuring that we remain within compliance benchmarks and at the same time ensuring that our stakeholders are empowered and remain inclusive to our end goal. Over the course of the year, the obstacles we experienced ultimately revealed developing possibilities, such as restrictions on vehicle imports, which prompted us to respond by investing in commercial vehicle assembly and moving to different business models, hiring of vehicles which were strategic moves for the Company.

LOOKING FORWARD

We are optimistic that Sri Lanka will be able to manage the unprecedented and complex challenges in the coming years by developing a shared understanding of the magnitude and scope of the challenge and delivering a clear road map to achieve economic stability with the assistance of domestic and international professional agencies.

Modern mobility solutions, particularly those related to electric vehicles, play a critical role in a country's development. The company introduced an electric truck (Switch Truck) and plans to expand the vehicle island-wide in the near future with the development of the related infrastructure.

Moving to a new vehicle segment, the company has completed the design and prototype development of the troop cargo, cargo van, and passenger van. These new models will be introduced to the community in the next 12 months' time. At LAL, we ensure that every automobile we sell provides a unique and unparalleled customer experience, not just during the handover but throughout its lifetime of use.

Looking ahead, LAL remains poised for continued success, guided by a positive outlook and strategic vision. Efforts to strengthen manufacturing and distribution capabilities, coupled with a focus on cost optimization and operational excellence, position the company for sustained growth and resilience.

We closely monitored the developments in the macro-economic, socio and political as well as natural environment as they had impact of varying significance on the Company's performance. We were agile in assessing how these developments could affect the Company's value creation process, how they impact our stakeholders and how the Company needed to recalibrate efforts in preserving stakeholder interests.

While we expect great challenges over the next twelve months, we remain confident that Sri Lanka will overcome the acute phase of the crisis. The investments we have made and continue to make at the factory for local assembly of chassis and bodies will further consolidate our position as the market leader and we will be in the best position to capitalize when the economy improves.

While challenges may persist, the company remains steadfast in its commitment to navigating through uncertainties with agility and determination. With a proactive mindset and a resilient spirit, LAL is poised to capitalize on emerging opportunities and emerge stronger in the post-crisis era.

Our ability to deliver value has relied on the strength of our relationships with our customers, suppliers, employees and communities we serve. Our commitment to grow together with our stakeholders will help maintain our market leadership position as the country navigates the crisis.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors is pleased to present the **Forty-first (41st)** Annual Report of your Company together with the Audited Financial Statements and the Auditor's Report for the financial year ended 31st March 2024 confirming to all relevant statutory and compliance requirements.

The details set out herein provide the related information required by the Companies Act, No. 07 of 2007, Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

The disclosures in pages 27 to 38 given under Corporate Governance, list out the disclosures required by the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS OF THE COMPANY

The principal activities of the Company include import and assembly of Semi-Knocked-Down (SKD) chassis, fabrication of bodies, import and marketing of Ashok Leyland range of vehicles, service and maintenance of the above, including provision of spare parts, power generators and providing vehicles on hire. The Company also carries out repairs and restoration of commercial vehicles.

There was no significant change in the nature of principal activities of the Company during the year under review that may have significant impact on the state of affairs of the Company.

VISION, MISSION AND VALUE STATEMENT

The Company's Vision and Mission statements are available on page 1. The strategic directions are developed in line with the Vision and the employees are guided according to the Mission and values of the Company. The operations of the Company are conducted with the highest level of ethical standards and integrity at all times.

REVIEW OF PERFORMANCE AND FUTURE DEVELOPMENTS

A review of performance of the year under review and the future prospects including goals and strategies of the Company is contained in the Chief Executive Officer's Review and in the Management Discussion and Analysis Report of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company to give a true and fair view of the state of its affairs.

The Statement of Directors' Responsibility for Financial Reporting is given on page 50 which forms an integral part of the Annual Report of the Board of Directors.

DISCLOSURES

The Annual Report of the Company fulfils the disclosure requirements of the Sri Lanka Accounting Standards (SLFRs / LKASs), Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

FINANCIAL STATEMENTS

The Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRSs / LKASs), Companies Act, No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange.

The Statements of Profit or Loss and Other Comprehensive Income, Financial Position, Cash Flows, Accounting Policies and Notes to the Financial Statements are given on pages 55 to 106.

The aforementioned Financial Statements for the year ended 31st March 2024 signed on behalf of the Board by the Chairman, a Director, Chief Executive Officer and Assistant General Manager - Finance are given on page 56.

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

M/s KPMG performed the statutory audit of the Financial Statements and the Auditor's Report is given on pages 52 to 54.

SIGNIFICANT ACCOUNTING POLICIES

Preparation of the Financial Statements of the Company has been consistent with the previous financial year. The significant accounting policies adopted in the Financial Statements are given on pages 59 to 72 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

PROFIT AND APPROPRIATIONS

	2023/24 Rs.	2022/23 Rs.
Profit		
Profit after taxation	857,786,897	148,994,115
Other Comprehensive Income	(65,681,981)	4,010,228
Total Comprehensive Income for the year	792,104,916	153,004,343
Profit brought forward from previous year	2,877,612,617	2,759,922,036
Profit available for appropriation	3,669,717,533	2,912,926,379
Appropriations		
Unclaimed Dividend Reversed	1,060,911	894,668
Dividend Paid for previous year	(18,104,215)	(36,208,430)
Un-appropriated profit carried forward	3,652,674,229	2,877,612,617

DIVIDENDS

The Board of Directors have recommended payment of a first and final dividend of Rs. 15.00 per share (150%) (2022/23- Rs. 5.00 per share i.e. 50%) on the paid-up value for the year ended 31st March 2024.

The Directors confirm that the Company satisfies the solvency test requirement under Section 56 of the Companies Act, No. 07 of 2007 for the proposed first and final dividend. The Solvency certificates have been obtained from the Auditors in respect of the proposed first and final dividend.

PUBLIC HOLDING AND THE MARKET VALUE OF SHARES

The last transaction prior to close of business on 31st March 2024, on the trading floor of the Colombo Stock Exchange was at a price of Rs. 690 per share. (Corresponding price on 31st March 2023 was Rs. 755 per share)

The number of ordinary shares held by the public as at 31st March 2024 was 1,100,011 (31st March 2023 - 1,100,011) which represent 30.38% (31st March 2023 – 30.38%) of the issued Share Capital of the Company.

RATIOS AND MARKET PRICE INFORMATION

Ratios relating to equity and debt and the market price information are given on pages 7 and 110 to 111 of this Annual Report.

STATED CAPITAL AND RESERVES

The Stated Capital of the Company as at 31st March 2024 amounted to Rs. 49,375,150 (31st March 2023 - Rs. 49,375,150), details of Stated Capital and Reserves are available in Notes 25 and 26 to the Financial Statements.

There has been no change in the Stated Capital during the year. Movements of the Reserves are shown in the Statement of Changes in Equity in the Financial Statements.

SHARE INFORMATION

Information relating to distribution of shareholdings, market value, public shareholding and top twenty shareholders are available on page 108.

PROPERTY, PLANT & EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

The net book value of Property, Plant & Equipment, Right-of-use Asset and the Intangible Assets amounts to Rs. 1,068.75 Mn.

An analysis of the Company's Property, Plant & Equipment, Right-of-use Asset and Intangible Assets are given in Notes 15, 16 and 17 to the Financial Statements.

MARKET VALUES OF THE PROPERTIES

The freehold land and buildings of the Company have been revalued by independent qualified valuers. The most recent valuation was conducted in 2021 and the values are disclosed under Note 15.1 to the Financial Statements in page 78.

CAPITAL EXPENDITURE

The total Capital Expenditure incurred on the acquisition of Fixed Assets and Intangible Assets during the year is given in Notes 15, 16 and 17 to the Financial Statements.

BOARD OF DIRECTORS

The Board of Directors consisted of 7 members during the year. The names of the Directors who held office during the financial year are given below. The profiles of directors appear on pages 12 to 14 and their memberships on the Board committees of the Company are given in page 28 of this annual report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

- Mr. K C Leshan De Silva - Chairman (Non-Executive)
- Mr. D P Kumarage - Independent Director (Non-Executive)
- Mr. N Sundararajan - Independent Director (Non-Executive)
- Mr. Gopal Mahadevan - Director (Non-Executive)
- Mr. D A Abeyawardene - Independent Director (Non-Executive)
- Mr. Amandeep Singh Arora - Director (Non-Executive)
- Ms. H A Bogodagedara - Director (Non-Executive - Resigned w.e.f 05th July 2023)
- Mr. R D Balasubramaniam - Director (Non-Executive - Appointed w.e.f 11th August 2023)

NEW APPOINTMENTS AND RESIGNATION OF DIRECTORS DURING THE YEAR

During the year Ms. H A Bogodagedara resigned from the Board and Mr. R D Balasubramaniam was appointed to the Board.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of the Article 84 of the Article of Association of the Company, Mr. Amandeep Singh Arora retires by rotation and being eligible offers himself for re-election.

The agenda for the Annual General Meeting includes three separate ordinary resolutions to be taken up to re-elect Mr. D P Kumarage, Mr. N Sundararajan and Mr. D A Abeyawardene as Directors, who are over the age of 70 years, as Directors by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not apply to Mr. D P Kumarage, Mr. N Sundararajan and Mr. D A Abeyawardene who are over the age of 70 years and that they be re-elected as Directors of the Company.

DIRECTORS' INDEPENDENCE

The Board carried out its annual evaluation of the Independence of Directors and accordingly Mr. D P Kumarage, Mr. N Sundararajan and Mr. D A Abeyawardene were confirmed to be Independent as per the provisions of the Listing Rules of the Colombo Stock Exchange. Each of the Independent Directors complied with the independence requirements under the rules and has submitted signed declarations to this effect.

The periods of association of Mr. D P Kumarage and Mr. N Sundararajan as Board Members exceed nine years. The Board is of the view that the periods of association of the aforesaid Independent Directors do not compromise their independence and objectivity in discharging their functions as Independent Directors and, therefore, has determined that Mr. D P Kumarage and Mr. N Sundararajan are 'Independent' as per the Listing Rules.

Details of the Directors considered as Non-Independent Directors of the Company are given in page 29 to the Annual Report.

DIRECTORS' MEETINGS

The Directors' meetings comprise Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and Related Party Transactions Review Committee meetings. Details of the number of Board and other Committee meetings held during the year and the attendance of Directors at these meetings are given on pages 28 to 32 of the Annual Report.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHARE HOLDING

None of the Directors or Chief Executive Officer held Shares of the Company during the year under review or during the last financial year.

INTEREST REGISTER

The Company maintains an interest register in compliance with the Companies Act, No. 07 of 2007. All Directors have made necessary declarations in conformity with Section 192 (2) of the Companies Act. The interest register is available for inspection by the shareholders.

PARTICULARS OF DIRECTORS INTERESTS IN CONTRACTS

The particulars of Directors interests in contracts and other related party transactions are given in Note 34 to the Financial Statements. The Directors have no other direct or indirect interest in contract/s or a proposed contracts with the Company other than those disclosed under Related Party Transactions.

DIRECTORS' REMUNERATION AND FEES

Details of Directors' emoluments are given in Note 10 to the Financial Statements. All fees and remuneration have been duly approved by the Board of Directors of the Company. The Directors have not taken any loans from the Company during the year under review.

RELATED PARTY TRANSACTIONS

Related Party Transactions of the Company are reviewed by the Related Party Transactions Review Committee and the Company is compliant with the requirements of the listing rules of the Colombo Stock Exchange on Related Party Transactions. During the year there were no non-recurrent Related Party Transaction which exceeded in value, the lower of 10% of equity or 5% of the total assets of the Company; there were instances that the aggregate value of the recurrent Related Party Transactions exceeded 10% of the gross Revenue of the Company. Accordingly, the Company has disclosed the transactions that could be classified as Related Party Transactions in terms of Sri Lanka Accounting Standard - LKAS 24, in Note 34 on pages 94 to 99 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

BOARD COMMITTEES

The Board of Directors of the Company while assuming the overall responsibility and accountability for the management of the Company has formed the following Committees to ensure oversight and control over the affairs of the Company conforming to corporate governance code and best practices.

• AUDIT COMMITTEE

Mr. D P Kumarage – Chairman
 Mr. N Sundararajan
 Mr. Gopal Mahadevan
 Mr. D A Abeyawardene
 Mr. K C Leshan De Silva (Resigned from the Committee w.e.f 11th August 2023)
 Mr. R D Balasubramaniam (Appointed w.e.f 12th August 2023)

• REMUNERATION COMMITTEE

Mr. N Sundararajan - Chairman
 Mr. D P Kumarage
 Mr. D A Abeyawardene
 Mr. Amandeep Singh Arora
 Ms. H A Bogodagedara (Resigned w.e.f 05th July 2023)
 Mr. K C Leshan De Silva (Appointed to the Committee w.e.f 11th August 2023)

• NOMINATION COMMITTEE

Mr. N Sundararajan - Chairman
 Mr. D P Kumarage
 Mr. D A Abeyawardene
 Mr. Amandeep Singh Arora
 Ms. H A Bogodagedara (Resigned w.e.f 05th July 2023)
 Mr. K C Leshan De Silva (Appointed to the Committee w.e.f 11th August 2023)

• RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. N Sundararajan – Chairman
 Mr. K C Leshan De Silva
 Mr. D P Kumarage
 Mr. Gopal Mahadevan
 Mr. D A Abeyawardene

RISK MANAGEMENT

The Board has established an adequate risk management and internal control system. The risk exposure of the Company and a detailed overview is given in the Risk Management Report on pages 46 to 49 of this Annual Report.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments due to the Government, other regulatory institutions and in relation to employees have been made up to date.

DONATIONS

There were no donations granted during the year under review (2022/23 - Nil).

DECLARATION

The Directors declare that

• Compliance with laws and regulations

To the best of their knowledge and belief the Board of Directors confirms that the Company has complied with all applicable laws, rules and regulations in the conduct of its operations and has not engaged in any activity, which contravenes laws and regulations of the country.

• Directors' interests in contracts

The directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

• Equitable Treatment

The Company has made all endeavors to ensure that all shareholders are treated equitably.

• Going Concern

In determining the basis of preparing the Financial Statements for the year ended 31st March 2024, based on available information, the Company evaluated the resilience of its businesses considering a wide range of factors relating to expected revenue streams, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment schedules, cash reserves and potential sources of financing facilities, and the ability to continue providing goods and services to ensure that the businesses continue as least impacted as possible.

After due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements.

The Directors also hereby confirm (as required in Section 57 (1) (a) of Companies Act, No. 07 of 2007) that the Company is in a position to pay its debts, as they become due in the normal course of business.

• Effectiveness of Internal Controls

The Board of Directors has conducted a review of the internal controls covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and proper adherence.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

• Corporate governance

The Board of Directors is committed to maintain an effective corporate governance culture within the Company in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. A detailed report on corporate governance is provided on pages 27 to 38 of this Annual Report.

EMPLOYMENT AND INDUSTRIAL RELATIONS

The Company continues to invest in human resource development and effective HR practices to ensure achieving corporate goals. The number of permanent employees as at 31st March 2024 was 222 (31st March 2023 - 230).

There were no material issues pertaining to employees or industrial relations during the year.

ENVIRONMENTAL PROTECTION

The Company has made its best endeavors to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment and has taken steps that are necessary to safeguard the environment from any pollution that could arise during the course of the business of the Company.

CONTINGENT LIABILITIES AND OUTSTANDING LITIGATION

Details of contingent liabilities, litigations and claims are listed in Notes 36 and 37 to the Financial Statements. These will not have any material adverse impact on the financial results of the Company or its future operations.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that occurred after the reporting date that require adjustments to or disclosures in the Financial Statements, except disclosure given in Note 38 to the Financial Statements.

INDEPENDENT AUDITORS' APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, M/s. KPMG, who were re-appointed by a resolution passed at the last Annual General Meeting, have audited the Financial Statements of the year under review, and have offered themselves for reappointment.

A sum of Rs. 2,725,000/- (2022/23 – Rs. 2,300,000/-) in addition to reimbursement of out of pocket expenses amounting to Rs. 276,270/- (2022/23 – Rs. 205,987) was payable at the year-end as audit fees for the year under review. In addition, they were paid Rs. 75,000/- (2022/23 - Rs. 66,000/-) and Rs. 460,000/- (2022/23 – Rs. 400,000/-) by the Company for audit related work and non-audit related work respectively.

As far as the Directors are aware, the Auditors do not have any relationships (other than that of an auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

In accordance with the Companies Act, No. 07 of 2007, a resolution related to the appointment of external auditors and to determine their remuneration is being proposed at the forthcoming Annual General Meeting to be held on 24th September 2024.

ANNUAL GENERAL MEETING

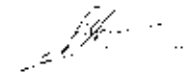
The Forty-first Annual General Meeting will be held on 24th September 2024. The Notice of Annual General Meeting is given on page 115 of this Annual Report.

ACKNOWLEDGMENT

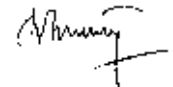
The Directors wish to express their gratitude and appreciation to the Government of Sri Lanka, bankers, financial institutions, shareholders, valued customers, M/s Lanka Leyland (Pvt) Limited, and M/s Ashok Leyland Limited - India, for their co-operation, valuable guidance, assistance and the continued support.

The Directors also wish to thank all the employees for their contribution, support and co-operation throughout the year.

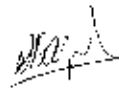
By order of the Board



K C Leshan De Silva
Chairman



D P Kumara
Director



D A Abeyawardene
Director / Secretary

Colombo
09th May 2024

CORPORATE GOVERNANCE

Lanka Ashok Leyland PLC is committed to maintain the highest standards of corporate governance and this statement describes the principles and practices followed by the Company in this regard.

This statement also describes how Lanka Ashok Leyland PLC has applied the principles set out in the Corporate Governance Best Practice Guidelines jointly issued by the Institute of Chartered Accountants of Sri Lanka, and the Securities and Exchange Commission of Sri Lanka (SEC), and the Listing rules (Section 7.6 and Section 9) issued by Colombo Stock Exchange (CSE).

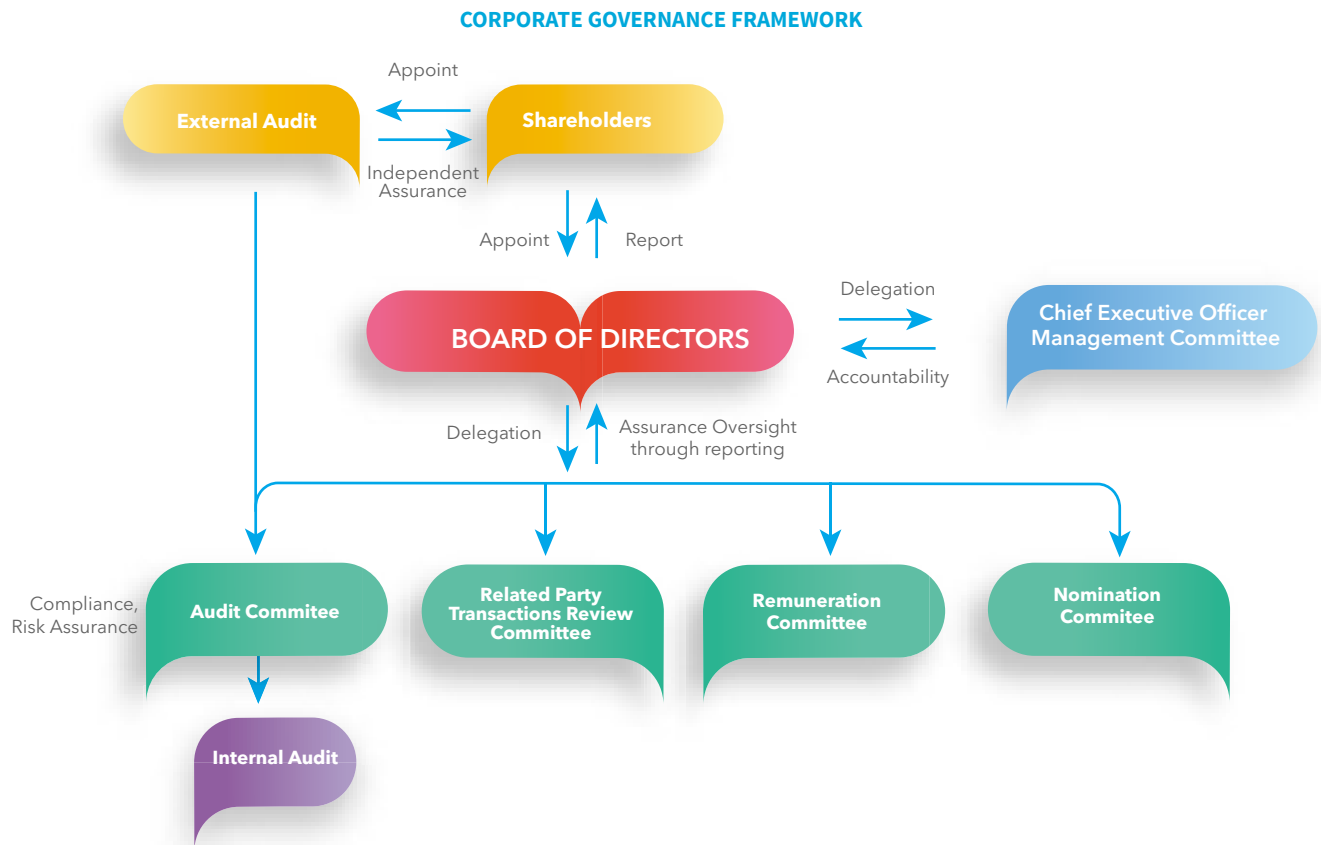
BOARD OF DIRECTORS

The Board of Directors of Lanka Ashok Leyland PLC is collectively responsible for the long term success of the Company. Its role is essentially threefold - to provide leadership and set strategic direction, to oversee management and ensure highest level of ethical and legal standards and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Company's current position and prospects.

The Board has delegated responsibilities to the Chief Executive Officer and to the team of Management of the Company. The main areas where decisions remain with the Board include approval of the annual strategy statement, the Financial Statements, annual budgets, acquisitions and dividends. The Board is also responsible for setting and monitoring the Company's risk management policy.

On a broader level the Board has delegated some of its responsibilities to its Committees. The composition and activities of these Committees are detailed in their individual reports on Pages 39 to 44. The Board reviews periodic updates presented by the Chairman of each of these Committees at the Board meetings.

The Board currently consists of seven Directors including the Chairman. All the Directors are Non-Executive Directors and three of them are Independent Directors. The composition of the Board and brief profile of the Directors highlighting the range of expertise they bring to the Board are set out on Pages 28 and 12 to 14.



CORPORATE GOVERNANCE (Contd.)

The current members of the Board and their memberships on the Board Committees of the Company are as follows;

Name of the Director	Category				Board Committees as Chairman or Member			
	Executive	Non - Executive	Independent	Non - Independent	Audit Committee	Remuneration Committee	Nomination Committee	Related- Party Transactions Review Committee
Mr. K C Leshan De Silva (Chairman)	-	✓	-	✓	-	Member	Member	Member
Mr. D P Kumarage	-	✓	✓	-	Chairman	Member	Member	Member
Mr. N Sundararajan	-	✓	✓	-	Member	Chairman	Chairman	Chairman
Mr. Gopal Mahadevan	-	✓	-	✓	Member	-	-	Member
Mr. D A Abeyawardene	-	✓	✓	-	Member	Member	Member	Member
Mr. Amandeep Singh Arora	-	✓	-	✓	-	Member	Member	-
Mr. R D Balasubramaniam	-	✓	-	✓	Member	-	-	-

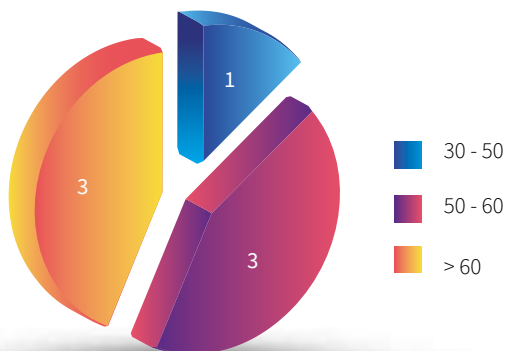
Number of Board meetings held during the year and the attendance of Directors.

Name of the Director	Board Meetings	
	No. held	No. attended
Mr. K C Leshan De Silva - Chairman	4	4
Mr. D P Kumarage	4	2
Mr. N Sundararajan	4	4
Mr. Gopal Mahadevan	4	4
Mr. D A Abeyawardene	4	4
Mr. Amandeep Singh Arora	4	4
Ms. H A Bogodagedara (Resigned w.e.f 05 th July 2023)	1	-
Mr. R D Balasubramaniam (Appointed w.e.f 11 th August 2023)	3	3

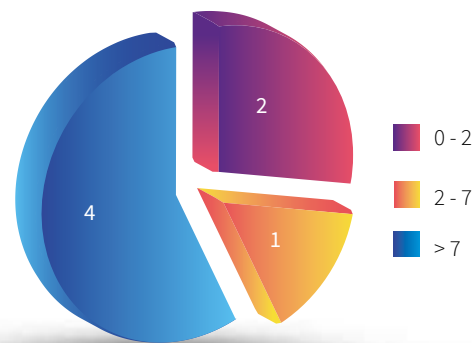
NEW APPOINTMENTS AND RESIGNATION OF DIRECTORS

During the year Ms. H A Bogodagedara resigned from the Board and Mr. R D Balasubramaniam was appointed to the Board.

Directors' Age Diversity



Directorship Tenure Diversity



CORPORATE GOVERNANCE (Contd.)

DIRECTORS' INDEPENDENCE REVIEW

The Board carried out its annual evaluation of the independence of Directors and accordingly Mr. D P Kumarage, Mr. N Sundararajan and Mr. D A Abeyawardene were confirmed to be independent as per the provisions of the Listing Rules of the Colombo Stock Exchange. Each of the Independent Directors complied with the independence requirements under the Rules and has submitted signed declarations in this regard.

The independence of all its Non-Executive Directors was reviewed on the basis of criteria summarised as follows. The Non-Executive Independent Directors did not have a conflict of interest, as per the criteria for independence outlined below.

Criteria for Defining Independence	Status of Conformity of Independent Directors
Shareholding carrying not less than 10% of voting rights	None of the Directors held shares of the Company.
Director of another company	None of the Independent Directors is a Director of another related party company.
Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board	Independent Director income/cash benefits are less than 20% of an individual Director's annual income.
Employment at Company and/or material business relationship with Company, currently or in the three years immediately preceding appointment as a Director	None of the Independent Directors are employed or have been employed with or have had any material business relationship with LAL.
Close family member is a Director, Chief Executive Officer (CEO) or a Key Management Personnel	No family member of the Independent Director is a Director or CEO or a Key Management Personnel of a related party company.
Has served on the Board continuously for a period exceeding nine years from the date of the first appointment	Mr. D A Abeyawardene satisfied these criteria for the year 2023/24. However, the Board determined that, although Mr. D P Kumarage and Mr. N Sundararajan did not satisfy the said criteria, in the opinion of the Board, they satisfy the other qualifying criteria in terms of independence. Having also considered all other factors, the Board is of the view that Mr. D P Kumarage and Mr. N Sundararajan are Independent.
Is employed, is a Director, has a material business relationship and/or significant shareholding in other companies. Entails other companies that have significant shareholding in LAL and/or LAL has a business connection with	None of the Independent Directors are employed, are Directors, or have a material business relationship or a significant shareholding of another related party company as defined.

Following Directors are considered as Non-Independent Directors of the Company;

Name	Reason for Non-Independence
Mr. K C Leshan De Silva	Chairman of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.
Mr. Gopal Mahadevan	Director and also Chief Financial Officer of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. Amandeep Singh Arora	Head of International Operations of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. R D Balasubramaniam	Director of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.

CORPORATE GOVERNANCE (Contd.)

COMMUNICATION WITH SHAREHOLDERS

The Company maintains several communication channels with the shareholders which include the Annual Report, interim financial statements, AGMs, EGMs, announcements to the CSE, the corporate website, the investor feedback form provided in the Annual Report, and through the Company Secretaries.

Way of Communication	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim Financial Statements	Quarterly
Announcements to CSE	As required
Media Center section in the Corporate website	Continuous

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31st March 2024 and also at the end of each quarter of the financial year 2023/24.

All other material and price sensitive information about the Company is promptly communicated to the CSE and such information is also released to employees, the press and shareholders. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.

The Company focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company ensures that information is communicated accurately and in a manner that will avoid the creation or continuation of a false market.

Annual General Meeting

Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the businesses of the Company. Annual Reports are made available to shareholders in electronic form. Shareholders may at any time elect to receive an Annual Report from LAL in printed form, which is provided free of charge.

The Company constructively makes use of the AGM towards enhancing relationships with the shareholders and towards this end the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time.
- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the external auditors are present at the AGM.
- Directors and CEO are made available to answer queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.

CORPORATE GOVERNANCE (Contd.)

AUDIT COMMITTEE

The Audit Committee is comprised of five Non-Executive Directors, of whom three are Independent Directors.

The Chairman of the Audit Committee Mr. D P Kumarage, has vast experience in Banking and Finance sector. The other members of the Audit Committee have a blend of experience in business management, accounting, and auditing and risk management. The Board is of the view that the members of the Audit Committee have the necessary and relevant accounting and related financial management expertise and also adequate experience to discharge the Committee's functions.

A separate report by the Chairman of the Audit Committee is given on Pages 39 to 40 of the Annual Report.

Table below gives the Committee composition and the attendance of members at the meetings.

Name of the Director	Audit Committee Meetings	
	No. held	No. attended
Mr. D P Kumarage (Chairman)	4	2
Mr. N Sundararajan	4	4
Mr. Gopal Mahadevan	4	4
Mr. D A Abeyawardene	4	4
Mr. K C Leshan De Silva (Resigned from the Committee w.e.f 11 th August 2023)	2	2
Mr. R D Balasubramaniam (Appointed w.e.f 12 th August 2023)	2	2

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of five Non-Executive Directors, three of whom are Independent Directors.

Remuneration Committee is responsible for developing policies for executive remuneration, ensuring a formal and transparent procedure for performance evaluation, and for fixing the remuneration packages of Key Management Personnel.

Payments made to Directors and Key Management Personnel of the Company are disclosed in Note 34.5 to the Financial Statements.

A separate Report by the Chairman of the Remuneration Committee is given on Page 41 of the Annual Report.

Below table gives the composition and attendance of the Committee members at the meetings.

Name of the Director	Remuneration Committee Meetings	
	No. held	No. attended
Mr. N Sundararajan (Chairman)	1	1
Mr. D P Kumarage	1	1
Mr. D A Abeyawardene	1	1
Mr. Amandeep Singh Arora	1	1
Ms. H A Bogodagedara (Resigned w.e.f 05 th July 2023)	1	-
Mr. K C Leshan De Silva (Appointed to the Committee w.e.f 11 th August 2023)	-	-

NOMINATION COMMITTEE

The Nomination Committee is comprised of five Non-Executive Directors, three of whom are Independent Directors.

The Nomination Committee is responsible for reviewing the structure and composition of the Board and to make recommendations to the Board on new Board appointments as per the Articles of Association of the Company and also to ensure that the Board possesses the correct mix of expertise for its effective functioning. Accordingly, the Committee assesses the Board composition to ascertain whether the combined knowledge, skills mix and experience of the Board matches the strategic demands facing the Company.

A separate report by the Chairman of the Nomination Committee is given on page 42 of the Annual Report.

Below table gives the composition and attendance of the Committee members at the meetings.

Name of the Director	Nomination Committee Meetings	
	No. held	No. attended
Mr. N Sundararajan (Chairman)	1	1
Mr. D P Kumarage	1	1
Mr. D A Abeyawardene	1	1
Mr. Amandeep Singh Arora	1	1
Ms. H A Bogodagedara (Resigned w.e.f 05 th July 2023)	1	-
Mr. K C Leshan De Silva (Appointed to the Committee w.e.f 11 th August 2023)	-	-

CORPORATE GOVERNANCE (Contd.)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee is comprised of five Non-Executive Directors, three of whom are Independent Directors.

Related Party Transactions Review Committee is responsible for reviewing the ongoing and proposed transactions with related parties and assists the Board of Directors in laying down, reviewing and overseeing policies and procedures relating to related party transactions of the Company, the disclosures and filings to be made by the Company periodically, and their implementation by the Management, and also to identify and avoid conflicts of interests, if any.

A separate report by the Chairman of the Related Party Transactions Review Committee is given on Pages 43 to 44 of the Annual Report.

Below table gives the composition of the Committee and the attendance at the meetings.

Name of the Director	Related Party Transactions Review Committee Meetings	
	No. held	No. attended
Mr. N Sundararajan (Chairman)	4	4
Mr. K C Leshan De Silva	4	4
Mr. D P Kumarage	4	2
Mr. Gopal Mahadevan	4	4
Mr. D A Abeyawardene	4	4

INTERNAL AUDIT

The Internal Audit provides an independent risk based oversight to the Audit Committee on the processes and controls within the Company. M/s. Ernst & Young Consulting Services (Pvt) Limited, Chartered Accountants, have been functioning as the internal auditors to monitor and report on the adequacy of the Financial and Operational Controls, and identifying areas for improvement. They present their findings to the Management and the responses and actions are noted. Thereafter, the highlights are presented to the Audit Committee. Actions are decided based on the Committee's advice and regular follow-up is done to close/resolve the identified issues.

EXTERNAL AUDIT

M/s. KPMG, Chartered Accountants have been appointed by the shareholders, as the external auditors, to review and express their opinion on the true and fairness of the Annual Financial Statements of the Company. They submit their report to the shareholders, for consideration at the Annual General Meeting. Further they issue an annual Management Letter to the Board, highlighting priority areas for attention and improvement, and other significant observations, if any. This Management Letter is also reviewed by the Audit Committee and the actions are decided and implemented based on the Committee's advice.

DISCLOSURES

The tables given below provide the details and disclosures on the level of compliance with the requirements of the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the code of best practices issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities & Exchange Commission of Sri Lanka.

CORPORATE GOVERNANCE (Contd.)

DISCLOSURE REQUIREMENTS UNDER THE COMPANIES ACT, NO. 07 OF 2007

Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.

Rule No.	Disclosure Requirement	Reference to the Annual Report
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	22 / 59
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	55 - 106
Section 168 (1) c	Auditor's report on the Financial Statements	52 - 54
Section 168 (1) d	Change in accounting policies made during the accounting period.	61
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	24
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	74
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	25
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	24
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	26
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	26
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	22 - 26

DISCLOSURES SPECIFIED BY SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange;

Rule No.	Disclosure Requirement	Reference to the Annual Report
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	24
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	22 / 59
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	108
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	109
Rule 7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year.	24
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	46 - 49
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	26
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	78
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	87
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	108
Rule 7.6 (xi)	Ratios and market price information	7 / 110 - 111
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	78 - 80
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	34 - 38
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	94 - 99

CORPORATE GOVERNANCE (Contd.)

DISCLOSURE REQUIREMENTS UNDER SECTION 7.10 OF THE LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) ON CORPORATE GOVERNANCE

Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance.

Rule No.	Applicable Requirement	Details	Compliance Status
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	The Company is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable.	Complied
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	The required Committees are maintained and are functioning effectively.	Complied
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	The Company is in compliance with the requirements in respect of the Board Committees.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Board Committees have separate Chairman. Refer Page 28 to the Annual Report.	Complied
9.4 Meeting Procedures and the Conduct of all General Meetings with Shareholders			
9.4.1	Records of all resolution being considered at any General Meeting shall be maintained	The Company maintains all records and information regarding resolutions considered at General Meetings.	Complied
9.4.2 a/b/c	Communication and relations with shareholders and investors	Refer Communication with Shareholders section in this report.	Complied
9.6 Chairperson and CEO			
9.6.1/ 9.6.2/ 9.6.3/ 9.6.4	Requirement for a Senior Independent Director (SID) if the positions of Chairperson and CEO are held by the same individual	The Company has separate individuals as Chairman and as CEO	Not Applicable
9.7 Fitness of Directors and CEO			
9.7.1 – 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	<p>Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.</p> <p>Accordingly, all the directors and CEO have disclosed their fitness and propriety as stipulated by CSE.</p> <p>The Nominations Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors.</p>	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board currently consists of seven directors including the Chairman.	Complied
9.8.2	At least two or one third of the Directors, whichever is higher, should be Independent Directors.	Three out of Seven Non-Executive Directors are independent throughout the year and also as at 31 st March 2024.	Complied
9.8.3	Requirements for meeting the criteria to be an Independent Director.	Refer Directors Independent Review section in this report	Complied
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'	All independent Directors have submitted declarations as to their independence, and a determination of their independence is evaluated.	Complied
9.9 Alternate Directors			
9.9 (a) – (e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	No Alternate Directors appointed during the year 2023/24.	Not Applicable
9.10 - Disclosures relating to Directors			
9.10.2 / 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	The Company has submitted the brief resume of newly appointed director to Colombo Stock Exchange.	Complied
9.10.4	Details in relation to the Board members	Board of Directors' resume is given in Pages 12 to 14 to the Annual Report.	Complied
9.12 Remuneration Committee			
9.12.2	A listed company shall have a Remuneration Committee.	The Company has a Remuneration Committee. Refer Page 41 to the Annual Report.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors and individual Directors.	Refer Remuneration Committee Report	Complied
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of non-discriminatory pay practices to ensure the independence	Refer Remuneration Committee Report	Complied
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Refer Remuneration Committee Report	Complied
9.12.6(1)	Shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise of Executive Directors of the Listed Entity.	The Remuneration Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.12.6(3)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	An Independent Director has always been as the Chairmen of the Remuneration Committee.	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.12.7	Functions	Refer Remuneration Committee Report	Complied
9.12.8	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, Statement of Remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Names of Remuneration Committee members are given in Corporate Governance Report on Page 28. The report of the Remuneration Committee is given on Page 41 and the remuneration paid to Directors is given in the Note 10 to the Financial Statement on page 74.	Complied
9.13 Audit Committee			
9.13.1	A listed company shall have an Audit Committee.	The Company has an Audit Committee. Refer Pages 39 to 40 of the Annual Report.	Complied
9.13.3.1	Shall comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.	The Audit Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.13.3.3	Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Refer Audit Committee report on Pages 39 to 40 of the Annual Report	Complied
9.13.3.5	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	An Independent Director has always been the Chairmen of the Audit Committee.	Complied
9.13.3.6	Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	The Chief Executive Officer, Assistant General Manager - Finance attend Audit Committee meetings by invitation.	Complied
9.13.3.7	The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	One member of the Audit Committee is a member of The Institute of Chartered Accountants of Sri Lanka and another is a member of The Institute of Chartered Accountants of India.	Complied
9.13.4	Functions	Refer Audit Committee report on Pages 39 to 40 of the Annual Report	Complied
9.13.5	The Annual Report should set out the names of the Directors comprising the Audit Committee, shall make a determination of the independence of the Auditors and disclose the basis for such determination and Annual Report shall contain a Report of the Audit Committee.	Refer the Audit Committee report on Pages 39 to 40 of the Annual Report.	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.14 Related Party Transactions Review Committee (RPTRC)			
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee	The Company has a RPTRC. Refer Pages 43 to 44 of the Annual Report.	Complied
9.14.2	Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	The RPTRC comprised of five (5) Non-Executive Directors out of which three (3) are independent including the Chairman of the Committee.	Complied
9.14.3	Functions	Refer RPTRC Report on Pages 43 to 44 of the Annual Report	Complied
9.14.4(1)	RPTRC shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Refer RPTRC Report on Pages 43 to 44 of the Annual Report	Complied
9.14.4 (2) - (4)	General Requirements	Refer RPTRC Report on Pages 43 to 44 of the Annual Report	Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Refer RPTRC Report on Pages 43 to 44 of the Annual Report	Complied
9.14.6	Shareholder Approval	During the year under review, Company has not had any recurrent / non-recurrent Related Party Transactions, which requires shareholder approval.	Not Applicable
9.14.7	Immediate Disclosures - Non Recurrent Related Party Transactions	During the year under review, Company has not had any non-recurrent Related Party Transactions, which requires immediate announcement to the Exchange.	Not Applicable
9.14.8(1)	Disclosure of Non recurrent Related Party Transactions, if aggregate value of the Non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the listed entity as per the latest Audited Financial Statements.	Company has not had any non-recurrent Related Party Transactions during the year under review with aggregate value exceeding 10% of the equity or 5% of the Total assets, whichever is lower. Hence, no disclosure is required. Refer RPTRC report on Pages 43 to 44 of the Annual Report	Not Applicable
9.14.8(2)	Disclosure of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross Revenue/ Income as per the latest Audited Financial Statements.	During the year, there were instances where aggregate recurrent Related Party Transactions value exceeded the threshold of 10% of Gross Revenue. Accordingly, required Disclosure has been made in note 34.1 to the Financial Statements.	Complied
9.14.8(3)	Committee report shall include; Names of Committee members, statement that Committee has reviewed the RPTs and communicated observations to the Board, policies and procedures adopted in reviewing RPTs and number of times Committee met during the year.	Refer Pages 43 to 44 for the Related Party Transactions Review Committee Report.	Complied
9.14.8(4)	This should be an affirmative statement of the compliance and full disclosure of Related Party Transactions or a negative statement in the event the entity does not have Related Party Transactions.	Refer Page 24 of the Annual Report of the Board of Directors.	Complied
9.14.9	Acquisition And Disposal of Assets from / to Related Parties	There were no acquisition and disposal of substantial assets during the year 2023/24.	Not Applicable

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.16 Additional Disclosures			
9.16 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Directors make a disclosure of interests at appointment, at the beginning of every financial year and also during the year may be required.	Complied
9.16 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Board takes steps to ensure the integrity of internal control systems, and that they remain effective, via the review and monitoring of such systems on a periodic basis.	Complied
9.16 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Refer Annual Report of the Board of Directors on the Affairs of the Company	Complied
9.16 (iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates	During the year under review, there were no material fines incurred.	Complied

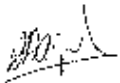
ETHICAL STANDARDS

The Board is committed to maintain highest ethical standards in conducting its business and to communicate its values to its employees and dealers, and always strive to ensure their conduct is based on such values.

COMPLIANCE

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Interim Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

By order of the Board



D A Abeyawardene
Director / Secretary

Colombo
09th May 2024

AUDIT COMMITTEE REPORT

The Audit Committee was constituted by the Board of Directors in accordance with the Best Corporate Governance Practices and the requirements of the Colombo Stock Exchange. The membership of the Committee during the financial year 2023/24 comprised of the following Non-Executive Directors;

- Mr. D P Kumarage - Chairman Non-Executive Independent Director
- Mr. N Sundararajan - Member Non-Executive Independent Director
- Mr. Gopal Mahadevan - Member Non-Executive Director
- Mr. D A Abeyawardene - Member Non-Executive Independent Director
- Mr. K. C Leshan De Silva - Member Non-Executive Director (Resigned from the Audit Committee w.e.f 11th August 2023)
- Mr. R D Balasubramaniam - Member Non-Executive Director (Appointed w.e.f 12th August 2023)

The members have a well-balanced blend of experience in the Finance, Legal, Commercial, Corporate Governance and Audit sector. Chairman of the Audit Committee Mr. D P Kumarage has extensive experience in Banking and Finance sectors.

Brief profile of each member is provided on Pages 12 to 14 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee.

The Board is responsible for ensuring the robustness of the Company's risk management and internal control systems, which include internal and external financial reporting and compliance with all legal requirements.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee, with its main objective being to assist the Board of Directors in carrying out their responsibilities, is responsible for;

- Ensuring that the internal control system in place is adequate and properly implemented.
- Ensuring that a sound financial reporting system is in place in compliance with Sri Lanka Accounting Standards,
- Ensuring that the Company complies with the applicable laws and regulations.
- Ensuring that the Company's management reporting system is efficient enough to give accurate, appropriate and timely information regarding the present and foreseeable financial governance, risks and compliance requirements.

- Ensuring that the Company's internal control and risk management procedures are adequate to manage and mitigate the risks that may occur in the daily operations of the Company and to prevent outflow of material information to unauthorized persons.
- Review and manage various business and operational risks, including finance, legal, regulatory and strategic risks, ensuring effective mitigation plans for various business units.
- Provide a forum for impartial review of internal audit reports, considering their findings and recommendations on significant business risks.
- Assess the audit plan for the year and approve the budget and resources needed.
- Obtain assurance from CEO and other Key Management Personnel who are responsible for the adequacy and effectiveness of the entity's risk management and internal control systems.

MEETINGS

The Audit Committee met four times during the year ended 31st March 2024 and the attendance details are given in Page 31 as part of the Corporate Governance Report.

The meetings were attended by the Chief Executive Officer and Head of Finance of the Company by invitation. The proceedings of the Audit Committee are regularly reported to the Board.

INTERNAL AUDIT

Internal audit function is outsourced to M/s Ernst & Young Consulting Services (Pvt) Limited. Audit Committee meets the internal auditors on a quarterly basis and reviews their findings in order to identify the effectiveness of the internal controls and risks attached to different areas of operation. Follow-up reports on the previous observations are also reviewed by the Committee and the internal auditor's reports are made available to the external auditors as well. The key risks associated with the business is given in the Risk Management Report in Pages 46 to 49 of this Annual Report.

STATUTORY AUDIT

M/s KPMG, Chartered Accountants were appointed as the statutory auditors and the Audit Committee reviewed their independence and objectivity. Audit Committee also reviewed the observations and recommendations contained in the Management Letter issued by the statutory auditors.

The statutory auditors have given a declaration as required by section 163 (3) of the Companies Act, No. 07 of 2007, that they do not have any interest or relationship with the Company, which may have a bearing on the independence of their role as auditors.

AUDIT COMMITTEE REPORT (Contd.)

On the recommendation of the Board, the shareholders have approved the reappointment of M/s KPMG (Chartered Accountants) as the external auditor of the Company for the financial year 2023/24. M/s KPMG has been the external auditor of the Company since its inception in 1983. The Committee considered aspects such as the periodic rotation of the audit partner, with the last rotation taking place for the year ended 31st March 2018.

The Committee reviewed the non-audit services and its impact on the independence of the External Auditors and recommended to the Board that M/s. KPMG be re-appointed as the Independent External Auditor for the financial year 2024/25 and also the re-appointment be included in the agenda of the Annual General Meeting, for securing the approval of the shareholders.

ASSURANCE FROM THE CEO AND AGM – FINANCE

We confirm that the Board has received assurance from both the CEO and the AGM – Finance regarding the Company's operations and finances. This assurance underscores our commitment to maintaining robust governance practices and ensuring the integrity and transparency of our financial operations.

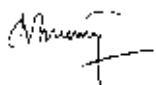
FINANCIAL REPORTS

We assert the compliance with all financial reporting requirements outlined in the relevant regulations, including those stipulated by CSE listing rules, the Companies Act, the SEC Act, and other relevant financial reporting-related regulations. Our commitment to accuracy, transparency, and adherence to regulatory standards ensures that all necessary information requirements under these rules are met.

By giving due consideration to audit findings, quarterly and annual financial reports are reviewed by the Audit Committee prior to their publication, with the objective of ensuring the accuracy, compliance with the standards and other regulatory requirements and the ability to continue as a going concern.

CONCLUSION

The Audit Committee is of the opinion that adequate internal controls and procedures are in place in the Company to provide reasonable assurance that its assets are safeguarded, and to ensure that the financial position and the results disclosed in the Audited Financial Statements are free from material misstatements.



D P Kumarage

Chairman - Audit Committee

Colombo
09th May 2024

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Remuneration Committee consists of following Non-executive Directors of the Board.

- Mr. N Sundararajan - Chairman Non-Executive Independent Director
- Mr. D P Kumarage - Member Non-Executive Independent Director
- Mr. D A Abayawardene - Member Non-Executive Independent Director
- Mr. Amandeep Singh Arora - Member Non-Executive Director
- Ms. H A Bogodagedara - Member Non-Executive Director (Resigned w.e.f 05th July 2023)
- Mr. K. C Leshan De Silva - Member Non-Executive Director (Appointed to the Committee w.e.f 11th August 2023)

Brief profile of each member is given on Pages 12 to 14 to this Annual Report.

The Company Secretary acts as the Secretary to the Committee. Chief Executive Officer of the Company assists the Remuneration Committee by providing market survey data and Key Result Area reports except on occasions where conflict of interest arises.

SCOPE OF THE REMUNERATION COMMITTEE

The scope of the Committee is to give recommendations to the Board for deciding compensation of the Board of Directors and Chief Executive Officer, and the committee has granted authority to Chief Executive Officer to decide the compensation of Senior Executives of the Company. The Committee also reviews the policy pertaining to the prerequisites of the employees and propose guidelines and parameters for periodic revisions of compensations of all other employees.

REMUNERATION POLICY

The Remuneration Policy aims to attract and retain a highly qualified and experienced workforce, and reward performance accordingly, taking in to account the industry norms. These compensation packages are commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

The Remuneration package includes basic salary, travelling allowance or transport facility, fixed monthly allowances, performance based monthly incentives and healthcare insurance.

The Committee meets from time to time to review and assure alignment of the Company's compensation structure, human resource requirements with the strategic decisions taken by the Board and compensation offered by competitors.

DIRECTORS' EMOLUMENTS

All Directors receive a fixed honorarium per month plus a fee for attending Board meetings and for serving on Board Committees. Details of Directors' emoluments are disclosed in Note 10 on Pages 74 and 98 of this Annual Report.

MEETINGS

The Committee held one meeting during the year under review and the attendance details are given on page 31 as part of the Corporate Governance Report.



N Sundararajan

Chairman - Remuneration Committee

Chennai
09th May 2024

NOMINATION COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Nomination Committee consists of the following Non-executive Directors of the Board;

- Mr. N Sundararajan - Chairman Non-Executive Independent Director
- Mr. D P Kumarage - Member Non-Executive Independent Director
- Mr. D A Abayawardene - Member Non-Executive Independent Director
- Mr. Amandeep Singh Arora - Member Non-Executive Director
- Ms. H A Bogodagedara - Member Non-Executive Director (Resigned w.e.f 05th July 2023)
- Mr. K. C Leshan De Silva - Member Non-Executive Director (Appointed to the Committee w.e.f 11th August 2023)

Brief profile of each member is given on Page 12 to 14 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee.

PURPOSE OF THE COMMITTEE

The Committee is established to review the structure and composition of the Board and to make recommendations to the Board on all new Board appointments, so as to ensure that the Board possesses the correct mix of expertise for its effective functioning. The Committee assesses the Board composition to ascertain whether the combined knowledge, skills mix and experience of the Board matches the strategic requirements of the Company.

TERMS OF REFERENCE AND KEY ACTIVITIES

The terms of reference of the Nomination Committee include the following;

- To review (as and when necessary) the structure, size, composition and competencies (including the skills, knowledge and the experience) of the Board and make recommendations to the Board regarding required changes.
- To identify and recommend suitable person(s) for appointments to the Board as Director(s) based on the nominations by the Promoter shareholders and also the provisions of Articles of Association of the Company. As per the Promoters' Joint Venture Agreement, Government of Sri Lanka and Ashok Leyland (Pvt) Limited have the right to nominate non-Independent Directors to the Board, and the Committee accepts such Promoters' choice of non-Independent Directors.

- To advise the Board on selection and appointment of Chairman of the Committees of the Board.
- To consider and recommend (or not recommend) the re-appointment of current Directors, taking into account the statutory requirements and to provide advice and recommendations to the Board on any such appointment.
- To look into and make recommendations on any other matters referred to it by the Board of Directors.

CONCLUSION

The Committee is satisfied that the combined knowledge and experience of the Board meets fully the requirements and demands of the Company.

MEETINGS

The Committee held one meeting during the year under review and the attendance details are given on Page 31 as part of the Corporate Governance Report.



N Sundararajan
Chairman - Nomination Committee

Chennai
09th May 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Committee assists the Board in establishing and reviewing policies and procedures related to Related Party transactions and helps to ensure avoidance of conflict of interest. Further, it monitors whether the management is making appropriate disclosures in compliance with the Listing Rules of Colombo Stock Exchange and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

COMPOSITION OF THE COMMITTEE

The Committee consists of five Non-Executive Directors of whom three are Independent in compliance with the Listing Rule No 9.14.2 of the Colombo Stock Exchange.

The Related Party Transactions Review Committee consists of the following Non-executive Directors of the Board;

- Mr. N Sundararajan - Chairman Non-Executive Independent Director
- Mr. K. C. Leshan De Silva - Member Non-Executive Director
- Mr. D P Kumarage - Member Non-Executive Independent Director
- Mr. Gopal Mahadevan - Member Non-Executive Director
- Mr. D A Abeyawardene - Member Non-Executive Independent Director

Brief profile of each member is provided on Pages 12 and 14 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee.

SCOPE OF THE COMMITTEE

Related Party Transactions Review Committee has been mandated, to ensure compliance with the Code of Best Practices on Related Party Transactions issued by the Securities Exchange Commission of Sri Lanka (the Code), and to facilitate the disclosures as required under LKAS 24.

- The Committee reviews the ongoing and proposed Related Party transactions, (other than those transactions explicitly exempted in conformity with the Code), which are not of an ongoing or recurrent nature; and in cases where the Related Party transactions are of an on-going or recurrent nature, the Committee establishes guidelines for the senior management to follow.

- The Committee normally reviews and updates the Board of Directors once in every quarter about its review and findings on the Related Party Transactions.
- Where applicable, the Committee has laid down guidelines for the Management to make immediate market disclosure on applicable Related Party Transactions as required by Section 9.14 of the continuing Listing requirements of Colombo Stock Exchange.

The Committee is responsible for making appropriate disclosure on Related Party Transactions in the Annual Report to the shareholders, as required by Section 9 of the continuing Listing requirements of Colombo Stock Exchange.

POLICIES AND PROCEDURES

The Promoters (Lanka Leyland (Pvt) Limited and Ashok Leyland Limited, India) of the Company and the parties related to Lanka Leyland (Pvt) Limited and Ashok Leyland Limited, India and also entities and organisations directly or indirectly related to them as per the applicable laws, are directly identified as the Related Parties of the Company. Information related to the related parties of the Promoters are periodically obtained and updated in the database of the Company and are used in identifying, tabulation and evaluating the transactions between them and the Company.

The members of the Board of Directors of the Company and the Chief Executive Officer have been identified as the Key Management Personnel. Periodic declarations are obtained from the Key Management Personnel of the Company to identify the parties, if any, related to them who may have had any transactions relevant for this purpose.

The Company uses data from the declarations and the data retrieved from the ERP system to ensure compliance.

MEETINGS OF THE COMMITTEE

The Committee held four meetings during the year under review and the attendance details of the members is given in Page 32 as part of the Corporate Governance Report.

Findings and recommendations of the Committee were reported to the Board of Directors, soon after the meetings of the Committee. The Board reviewed the findings and has accepted the recommendations for implementation by the Management and also expressed satisfaction regarding disclosures.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT (Contd.)

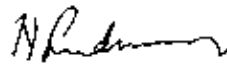
RELATED PARTY TRANSACTIONS DURING THE YEAR 2023/24

Related Party Transactions of the Company are reviewed by the Related Party Transactions Review Committee and the Company is in compliance with the requirements of the listing rules of the Colombo Stock Exchange on Related Party Transactions. During the year there were no non-recurrent Related Party Transactions which exceeded in value, the lower of 10% of equity or 5% of the total assets of the Company; However, there were instances where the aggregate value of the recurrent Related Party Transactions exceeded 10% of the Gross Revenue of the Company. Accordingly, the Company has disclosed the transactions that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard - LKAS 24, in Note 34 (Pages 94 to 99) to the Financial Statements.

Since most of the purchase and sales transactions of the Company were with related Parties, the focus was on proper documentation and disclosure. Government of Sri Lanka, and its associated organizations have always been the major customers and hence, extension of credit and accommodating some delays in payments were inevitable, as would happen with any major customer. Therefore, any overdue outstanding from Government of Sri Lanka is to be understood in the above context, and in the overall context of the country's economy and the political situations. Further, there has been no bad debt or default/failure from the Government of Sri Lanka. Also, it is to be recorded that Government of Sri Lanka has been supportive of the Company; Therefore, the delay and the consequent interest costs are being reckoned with as part of business operations. Similarly, Ashok Leyland Limited, India, as the other major related party, had provided very special credit terms for extended periods, to enable the Company to hold inventory for sales, during the difficult economic conditions. These are inherent in the nature of the Company's operations with the support from the two major promoters from time to time.

DECLARATION

A declaration by the Board of Directors in the Annual Report as an affirmative statement to the effect that related party transaction falling within the ambit of the rule 9.14.8 of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the year, is given in the Annual Report of the Board of Directors on Page 24. All related party transactions that could be classified as related party transactions in terms of LKAS 24 - 'Related Party Disclosures', are given in Note 34 to the Financial Statements.



N Sundararajan

Chairman - Related Party Transactions Review Committee

Chennai
09th May 2024

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

As required by Section D.1.5 & D.2.2.4 of the 'Code of Best Practice on Corporate Governance 2023' (The Code) issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka the Board of Directors presents this Statement on Internal Controls in this Annual Report.

Responsibility

The Board of Directors is responsible for formulating and implementing a sound system of internal controls and for periodically reviewing its effectiveness and integrity in terms of mitigating any risks associated and also to ensure sound system of Internal Controls to safeguard shareholders' investment and Company's assets while also confirming the effectiveness of the systems of Internal Controls over financial reporting.

The Board identifies significant risks on an ongoing basis and takes necessary steps for implementation of appropriate procedures to evaluate and manage the identified risks.

The Board believes that the existing internal control mechanisms implemented comprising internal checks, internal audits, risk management policies, and financial and other controls are adequate. This system is designed in a way that provides an assurance in protecting assets and ensuring that transactions are appropriately authorized and accurately recorded. This design aims to either prevent or identify significant errors and irregularities within a reasonable time frame.

In addition, the Board has formed several committees, including the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and Nominations Committee. These Committees play a vital role in enhancing the effectiveness and reliability of internal control system and risk management procedures.

Key Internal Control Processes

The Management assists the Board in the implementation of Board's policies and procedures pertaining to internal controls over financial reporting by identifying and assessing the risks faced, and in the design, operation and monitoring suitable internal controls. In assessing the internal control system, identified officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company. The internal audit function of the Company continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

Various Committees constituted by the board assist the Board in ensuring the effectiveness of Company's operations and that the operations are in accordance with the corporate strategies, annual budget and policies, taking into consideration the business environment and internal operating conditions.

The Audit Committee of the Company reviews internal control issues identified by the outsourced internal audit function, regulatory authorities and management and evaluates the adequacy and effectiveness of the internal control systems.

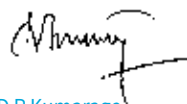
The Audit Committee approves the annual audit plan, review of internal control issues identified by the Internal Audit, the Independent External Auditors, regulatory authorities, and the management evaluation of the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings.

The recommendations made by the external auditors in connection with the internal control system in previous years were reviewed and followed up during the year and appropriate steps have been taken to implement them, and to achieve improvements.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS), requirements of the Company's Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and other regulatory requirements.

By order of the Board



D P Kumara
Chairman – Audit Committee



D A Abeyawardene
Director / Secretary

Colombo
09th May 2024

MANAGEMENT OF RISK

OVERVIEW

The Company believes that successful and proactive risk management initiatives can minimize the likelihood and the impact of risks, though it is not possible to completely avoid risks, as risk is an integral part of any business; and risk and returns go hand in hand in business. Risk Management is a continuous and developing process which runs throughout the Company’s strategic initiatives and the implementations, to maintain a balance between the risks of uncertainty and change necessary to grab opportunities.

A successful approach towards Risk Management results in compliance, assurance and better-informed decision-making which will help the Company in improving the effectiveness of strategy and efficiency of operations.

Lanka Ashok Leyland responded to those new challenges by redesigning our product and operating strategies in line with the risk appetite and risk tolerance frame work of the Company.

RISK GOVERNANCE AND OVERSIGHT

The Board being primarily responsible for the overall Risk Management of the Company, approves the strategy and policies for effective Risk Management, which are then converted to action in the manner outlined in the following framework.

The Board has delegated its responsibility to the Audit Committee to oversee the system of Risk Management, compliance and controls

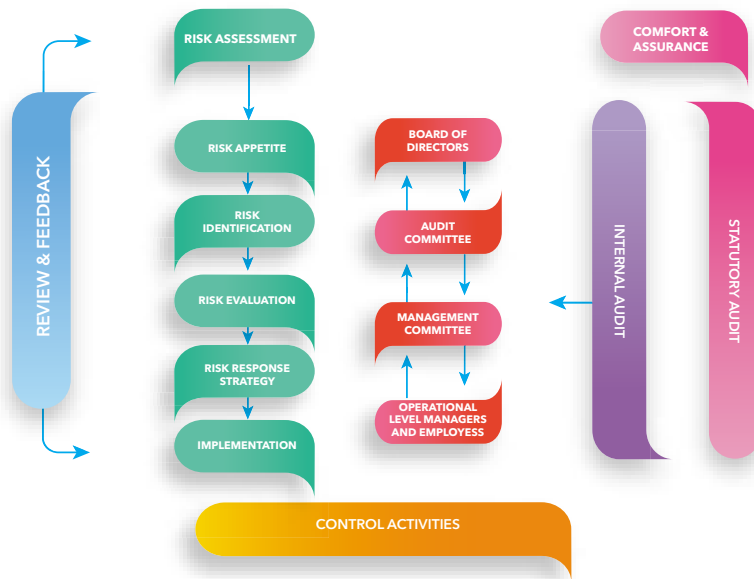
to mitigate risks. The Company has appointed an independent professional organization, as internal Auditors who provide in-depth reports to the Audit Committee. The Audit Committee reviews the internal audit reports and assesses the effectiveness of laid down control process, suggested requirements, mitigation plans and gives directions to the Management.

The Senior Management of the Company is responsible for implementing the Risk Management directives given by the Audit Committee and for the establishment of appropriate systems to ensure that enterprise risks are identified, measured, monitored, and controlled effectively.

RISK MANAGEMENT PROCESS

Control Environment, Risk Assessment, Control Activities, Communication and Monitoring establish the foundation for the sound internal control system within the Company. The various risks faced by the Company are identified and assessed routinely at all levels and within all functions in the Company. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the Company. The entire system of internal control is monitored continuously and possible weaknesses are addressed timely. Accordingly, the Risk Management Framework of the Company is presented below.

Risk Management Framework



MANAGEMENT OF RISK (Contd.)

Risk Assessment

Risk assessment starts with management discussions, event analysis, internal audit reports and other internal and external communications for risk identification and then proceeds to assess the impact and finally arrives at the response. Risk assessment revolves around measuring and prioritizing risks so that risk levels are managed within defined tolerance thresholds without being over controlled or without foregoing desirable opportunities.

Control Environment

The control environment of Lanka Ashok Leyland is headed by the Board of Directors, assisted by an Audit Committee with well-balanced blend of experience, and the Management Committee. The Board with the assistance of the Audit committee, sets the necessary guidelines at the top to ensure an effective control environment ensuring continuous monitoring and improvements. The Management Committee implements the control objectives and gives necessary feedback to both the Audit Committee and to the operational level managers.

Control Activities

Control activities established through policies and procedures are performed at all levels of the company at various stages within business processes, and over the technological environment. They may be preventive or detective in nature. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Management Committee is responsible for effectively implementing internal control system in accordance with the policies set by the Board of Directors based on the recommendations of the Audit Committee and the Internal and External Auditors.

Communication and Monitoring

Learning through experience, opinions from professionals such as internal auditors, external auditors and other internal and external stakeholders are given due importance by the Audit Committee in monitoring and reviewing the risks. The Audit Committee, which has the ultimate responsibility of monitoring the process of risk management, reviews the risks and action plans on a quarterly basis and makes recommendations to the Board.

The following diagram summarizes the key risks that could be most relevant to the Company's business.



During the year under concern the focus was mainly on the foreign exchange risk and the market risk management due to ongoing political and economical developments in the Country.

MANAGEMENT OF RISK (Contd.)

RISK MANAGEMENT ACTIONS

The table below sets out the categories of risks, along with specific risk elements which Lanka Ashok Leyland is exposed to and the potential implications of the same as well as the risk management initiatives in place.

Market Risk		
Risk	Potential Impact	Treatment/s
Economical & Political Environment.	Negative impact on the Company due to changes in the economic and political environment.	Economic and political variables / potential fluctuations are continuously monitored and evaluated as part of the Company's "strategy and objectives".
Competition and Customer Demand	Decline in market share, new rivals and industry over-capacity in a high growth competitive environment.	The Company maintains long and well established relationships with Government of Sri Lanka and its various organizations, major transport operators in the industry as well as with individual clients. Launching of new products with latest technology and designs which attract existing and potential customers while focusing on continuous improvements.

Financial Risk		
Risk	Potential Impact	Treatment/s
Exchange Rate	Possibility of Exchange rate fluctuations, and its effects on Company operations and profitability.	The Company carefully and actively monitored the situation, since the beginning of the year and took proactive mitigation measures as well as necessary policy decisions on pricing and supply chain management etc. Regular monitoring of exchange rate movements and entering into forward contracts when necessary.
Credit	Risk of financial loss to the Company as a result of customers not settling their dues.	Effective credit control policies with periodic evaluation. Establish effective systems for monitoring customer payment behavior and follow up promptly on any overdue payments. Maintain healthy relationships with customers.
Interest Rate	Exposure to interest rate risk may occur when the changes in the market interest rates would negatively impact the financial situation of the organisation.	Ongoing engagement and negotiations with banks. Regular monitoring of interest rate fluctuations to enable necessary back-up plans to mitigate the risk. Ensuring that the import loans are settled within a shortest possible period by improving the working capital cycle and negotiating best possible rates with the banks.
Liquidity and Cash Flow	Possibility of risk that the Company encounters difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering Cash or another Financial Asset.	Ensuring that the Company always have sufficient liquidity to meet its liabilities by forecasting the cash flows. Strong working capital management and periodic reviews to ensure cash flow alignment. Maintain unutilized bank facilities as a safety cushion to meet immediate commitments.

Compliance Risk		
Risk	Potential Impact	Treatment/s
Legal and Regulatory	Regulatory risk arises when the Company does not comply with regulatory requirements which are subject to change from time to time.	The Management reviews changes in regulations and assesses the business impact of such changes. A compliance statement is presented to every Board Meeting. Company officials closely work with Regulators to ensure that regulatory requirements are fully understood and complied with. Seek professional advice from external consultants such as legal, and tax consultants as and when needed.

MANAGEMENT OF RISK (Contd.)

Operational Risk		
Risk	Potential Impact	Treatment/s
Technology and Quality	Possibility of products or processes being outdated or obsolete due to advanced technology.	Keep pace with current technological developments in the industry. Upgrade knowledge of technical staff through trainings and seminars. Ensure strong supplier and customer relationship to understand customers' changing requirements and suppliers' new developments.
IT & Data Security Risk	Cybersecurity breaches or system failures, leading to data loss or theft, business disruptions, and reputational harm	Implementation of robust access controls. Enhancement of information security policies and procedures. Implementation of disaster recovery plans and drills. Implement of comprehensive backup process for imported data.
People	Impact on business competitiveness due to difficulties in attracting, developing and retaining employees with the appropriate skills, experience and aptitude.	Recruitment of high caliber staff, establishing of effective communication lines and developing the Company's culture to foster good employer employee relationships. Regular training programs are conducted in order to infuse motivation, commitment and empowerment among the staff. Periodic review of remuneration and adjustments made accordingly.
Inventory	Risk of carrying inventory that is not saleable.	Maintain optimum levels in all possible categories of inventory. taking into consideration the supply chain barriers faced by Sri Lankan economy due to ongoing forex restrictions. Ensure required quality standards are met at all stages of inventory to maintain quality until the product is delivered.
Product Risk	Poor quality product manufacturing and delivery significantly affect customer satisfaction and the competitive edge.	All processes to be subject to robust quality assurance. Maintaining a portfolio of good quality products supported by strong Principals. Prioritizing research and development. Prioritizing on marketing and distribution procedures.
Fraud	The risk that the internal control weaknesses leading to corruption and employees abusing entrusted power for private gain and in turn leading to misappropriation of assets or fraudulent financial reports.	Conduct periodic internal audits by an independent firm of Chartered Accountants. Formation of an Audit Committee which reviews internal audit reports and other financial and non-financial reports on a quarterly basis. Establishment of stringent procedures and internal control measures and their continuous improvement.
Reputation Risk	Negative client and public opinion regarding the Company and its actions and the damage caused by the failure to manage customers, shareholders and public expectations. Loss of customer satisfaction will impact negatively the current and future performance of the Company	Implement sound HR practices and robust governance measures to foster a culture of shared values and integrity, prioritizing stakeholder interests. Ensure strict adherence to statutory and regulatory requirements, particularly as a Listed Company, through dedicated controls. Address customer complaints promptly to enhance satisfaction and maintain goodwill. Effectively address shareholder concerns and promptly escalate issues to the Board when necessary. Monitor and respond to feedback received through the corporate website in real time to demonstrate responsiveness and accountability.

THE STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibility in relation to the preparation and presentation of the Financial Statements is set out in the following statement. Responsibility of the auditors in relation to the Financial Statements is set out in the Report of the auditors.

The Financial Statements comprise of:

- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- Statement of Profit or Loss and Other Comprehensive Income of the Company which presents a true and fair view of the profit or loss of the Company for the financial year;
- Statement of Changes in Equity depicting all changes in shareholders' funds of the Company during the year under review;
- Statement of Cash Flows providing the information to the users, on the generation of cash and cash equivalents and the utilization of those cash flows, during the year under review, and
- Notes to the Financial Statements comprising accounting policies and other explanatory information.

The Companies Act, No. 07 of 2007 requires the Directors to prepare and present Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit or loss of the Company for the financial year. The Directors are required to confirm that the Financial Statements have been;

- prepared using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- presented in accordance with the Sri Lanka Accounting Standards; and
- prepared with reasonable and prudent judgments and estimates so that the form and substance of transactions are properly reflected; and
- prepared to provide the information required by, and otherwise comply with, the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing the Financial Statements.

Further, the Directors have the responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to prevent and detect frauds and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered appropriate to enable them to give their audit opinion. Further, as required by Section 56 (2) of the Companies Act, No. 07 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act, No. 07 of 2007, and have obtained a Certificate from the auditors, prior to recommending a dividend of Rs. 15.00 per share as the first and final dividend for the financial year ended 31st March 2024.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company, as at the reporting date had been paid, or where relevant, provided for.

By order of the Board



D A Abeyawardene
Director / Secretary

Colombo
09th May 2024

FINANCIAL CALENDAR 2023/2024

	2023/24	2022/23
Annual Report	30th August 2024	20th July 2023
Annual General Meeting to be held / held	24th September 2024	11th August 2023
Final Dividend to be Declared / Declared	24th September 2024	11th August 2023
Final Dividend to be Paid / Paid	14th October 2024	04th September 2023

SUBMISSION OF INTERIM FINANCIAL STATEMENTS IN TERMS OF THE RULE 7.4 OF THE COLOMBO STOCK EXCHANGE

	2023/24	2022/23
01st Quarter Report	11th August 2023	10th August 2022
02nd Quarter Report	08th November 2023	14th November 2022
03rd Quarter Report	12th February 2024	17th January 2023
04th Quarter Report	09th May 2024	26th May 2023

INDEPENDENT AUDITOR'S REPORT



KPMG
 (Chartered Accountants)
 32A, Sir Mohamed Macan Markar Mawatha,
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To the Shareholders of Lanka Ashok Leyland PLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lanka Ashok Leyland PLC (“the Company”), which comprise the statement of financial position as at 31st March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information as set out on pages 59 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying Value of Inventories

Refer to material accounting policies in Note 3.10 and explanatory note in Note 21 of the financial statements. The Company held inventories which comprised several different vehicles, generators and spare parts with an aggregate carrying value of Rs.3,752,742,105/- as at 31st March 2024.

Risk Description

Changes in economic sentiment or consumer preferences, demands and the introduction of newer models with the latest design and technologies could result in inventories in hand no longer being sought after or being sold at a discount. Estimating the future demand and the related selling prices of vehicles, generators and spare parts are inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell the older or slow-moving models in the period subsequent to the reporting date. We identified valuation of inventories as a key audit matter because of the significant judgment exercised by management in determining appropriate carrying value in inventories.

Our audit procedures included;

- Evaluating whether the inventory provisions at the end of the reporting period were determined in a manner consistent with the Company’s inventory provision policy by recalculating the inventory provisions based on the percentages and other parameters in the Company’s inventory provision policy.
- Assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items with the underlying documentation which included purchase invoices and goods receipt notes.

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C. P. Jayatilaka FCA
 Mr. S. Joseph FCA
 M.M.D.B. Rajasinghe FCA
 M.M.M. Sumanasekera FCA
 Mr. P.B.K. Sumanasekera FCA

T. J. S. Rajapaksa FCA
 Mr. B. D. C. Amarasinghe FCA
 Mr. B.K.D.P. Jayasinghe FCA
 Mr. C. D. H. Perera-ACC
 R. S. M. D. R. S. Perera-ACC FCA

Mr. B. J. C. Perera FCA
 Mr. A. S. Karunaratne FCA
 Mr. H. Rajapaksa FCA
 Mr. B. P. Alshaban-ACC

Chartered Accountants (Sri Lanka) Ltd., Chartered Accountants (Sri Lanka) Ltd., Chartered Accountants (Sri Lanka) Ltd., Chartered Accountants (Sri Lanka) Ltd., Chartered Accountants (Sri Lanka) Ltd.

INDEPENDENT AUDITOR'S REPORT (Contd.)



- Enquiring of management about any expected changes in plans for markdowns or disposals of slow moving or obsolete inventories and comparing their representations with actual transactions subsequent to the reporting date and assumptions adopted in determining the inventory provisions;
- Comparing, on a sample basis, the carrying value of inventories with sales prices subsequent to the end of the reporting period.
- Attending inventory counts as at the year end to ensure the existence and condition of the inventories as at the reporting date.

2. Recoverability of Rental and Trade Receivables

Refer to material accounting policies in Note 3.4.1 and explanatory notes in Notes 19 & 22 (Rental receivable from trade debtors & Trade and other receivables) of the financial statements. The carrying value of Rentals receivable from Trade Debtors amounted to Rs. 415,867,412/- and Trade receivables amounted to Rs 586,997,809/- as at 31st March 2024.

Risk Description

Assessing the allowance for impairment of Rental and Trade Receivables remains one of the most significant judgments made by management particularly in light of the ongoing economic condition in the country. We identified assessing the recoverability of receivable as a key audit matter because of the significance of rental and receivable to the financial statements as a whole and the assessment of the recoverability of trade receivable is inherently subjective and requires significant management judgment in accordance with SLFRS 09, which increases the risk of error or potential management bias.

Our audit procedures included;

- Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collections and making allowances for doubtful debtors.
- Reviewing the appropriateness of the provisioning methodology used by management in determining the impairment allowances against the requirements of SLFRS 09.
- Recomputing management's estimation of the impairment allowance determined based on the expected credit loss method.
- Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates. Assessing the reasonableness of management's loss allowance estimate by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information.
- Challenging management's assumptions for the expected cashflows and the timing of the expected cashflows in the scenario-based probability weighted impairment assessment of individually significant customers.
- Assessing, on a sample basis, whether items in the debtors ageing report were classified within the appropriate ageing category by comparing individual items in the report with the underlying documentation such as sales invoices.
- Requesting for confirmations from major debtors and/or verifying subsequent settlements as an alternative procedure.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (Contd.)



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1798.



Chartered Accountants
Colombo, Sri Lanka

09th May 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 st March	Note	2024 Rs.	2023 Rs.
Revenue	5	5,404,387,774	3,487,704,617
Cost of Sales		(3,589,971,737)	(2,969,418,313)
Gross Profit		1,814,416,037	518,286,304
Other Income	6	194,551,854	282,667,376
Selling and Distribution Expenses	7	(29,813,836)	(22,799,313)
Administrative Expenses		(668,179,894)	(570,395,869)
Impairment Reversal / (Charge) of Trade Receivables	8	28,073,853	(51,292,523)
Other Operating Expenses		(144,792,205)	(122,778,474)
Profit from Operations		1,194,255,809	33,687,501
Finance Income	9.1	69,262,053	72,367,900
Finance Cost	9.2	(10,365,364)	(25,232,311)
Net Finance Income	9	58,896,689	47,135,589
Profit Before Tax	10	1,253,152,498	80,823,090
Tax (Expense) / Reversal	11.1	(395,365,601)	68,171,025
Profit for the Year		857,786,897	148,994,115
Other Comprehensive Income			
<i>Items that will Never be Reclassified to Profit or Loss</i>			
Remeasurement of Employee Benefits - Actuarial (Loss) / Gain	27.5	(93,831,402)	5,728,897
Deferred Tax Gain / (Charge) on Defined Benefit Plan	11.3	28,149,421	(1,718,669)
Total Other Comprehensive Income, net of Tax		(65,681,981)	4,010,228
Total Comprehensive Income for the Year		792,104,916	153,004,343
Basic and Diluted Earnings Per Share	12	236.90	41.15
Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA)	14	1,345,796,399	158,475,460

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 st March	Note	2024 Rs.	2023 Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipment	15	1,051,332,875	697,391,472
Right-of-use Asset	16	16,771,752	36,021,119
Intangible Assets	17	644,325	920,356
Financial Investments	18	131,904	11,542,980
Rental Receivable from Trade Debtors	19.1	41,795,691	314,633,296
Deferred Tax Asset	20	231,069,976	313,755,104
Total Non Current Assets		1,341,746,523	1,374,264,327
Current Assets			
Inventories	21	3,752,742,105	2,623,994,152
Trade and Other Receivables	22	619,357,222	459,839,299
Rental Receivable from Trade Debtors	19.2	374,071,721	524,178,650
Deposits and Prepayments	23	55,924,997	112,241,570
Cash & Cash Equivalents	24.1	1,441,114,057	27,050,059
Total Current Assets		6,243,210,102	3,747,303,730
Total Assets		7,584,956,625	5,121,568,057
EQUITY & LIABILITIES			
Equity			
Stated Capital	25	49,375,150	49,375,150
General Reserve	26	887,347,500	887,347,500
Retained Earnings		3,652,674,229	2,877,612,617
Equity attributable to Owners of the Company		4,589,396,879	3,814,335,267
Non Current Liabilities			
Defined Benefit Obligation (Net)	27.1	57,723,545	109,918,855
Lease Liability	28.2	11,112,605	30,420,490
Total Non Current Liabilities		68,836,150	140,339,345
Current Liabilities			
Trade and Other Payables	29	989,740,655	730,660,779
Amount due to Related Party	30	1,655,721,179	333,303,000
Current Tax Liabilities	31	196,925,645	19,007,471
Provision for Warranty	32	9,773,122	594,547
Lease Liability	28.2	23,523,537	30,355,200
Bank Overdrafts	24.2	51,039,458	52,972,448
Total Current Liabilities		2,926,723,596	1,166,893,445
Total Liabilities		2,995,559,746	1,307,232,790
Total Equity & Liabilities		7,584,956,625	5,121,568,057
Net Assets per Share		1,267.49	1,053.44

The Notes annexed form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No. 07 of 2007.


G R Jayalath
 Assistant General Manager - Finance


U Gautam
 Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
 Approved and signed for and on behalf of the Board of Directors of Lanka Ashok Leyland PLC;


K C L De Silva
 Chairman
 Colombo, 09th May 2024


D A Abeyawardene
 Director

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2022	49,375,150	887,347,500	2,759,922,036	3,696,644,686
Total Comprehensive Income				
Profit for the year	-	-	148,994,115	148,994,115
Other Comprehensive Income for the year	-	-	4,010,228	4,010,228
Total Comprehensive Income	-	-	153,004,343	153,004,343
Transactions with Owners of the Company				
Contribution / Distribution				
Unclaimed Dividend Reversed (Note 13.1)	-	-	894,668	894,668
Dividend (Note 13.2)	-	-	(36,208,430)	(36,208,430)
Total Transactions with Owners of the Company	-	-	(35,313,762)	(35,313,762)
Balance as at 31st March 2023	49,375,150	887,347,500	2,877,612,617	3,814,335,267
Balance as at 01st April 2023	49,375,150	887,347,500	2,877,612,617	3,814,335,267
Total Comprehensive Income				
Profit for the year	-	-	857,786,897	857,786,897
Other Comprehensive Income for the year	-	-	(65,681,981)	(65,681,981)
Total Comprehensive Income	-	-	792,104,916	792,104,916
Transactions with Owners of the Company				
Contribution / Distribution				
Unclaimed Dividend Reversed (Note 13.1)	-	-	1,060,911	1,060,911
Dividend (Note 13.2)	-	-	(18,104,215)	(18,104,215)
Total Transactions with Owners of the Company	-	-	(17,043,304)	(17,043,304)
Balance as at 31st March 2024	49,375,150	887,347,500	3,652,674,229	4,589,396,879

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year Ended 31 st March	Note	2024 Rs.	2023 Rs.
Cash flows from Operating Activities			
Profit Before Tax		1,253,152,498	80,823,090
Adjustment For :			
Depreciation of Property, Plant and Equipment	10	141,871,045	108,722,068
Depreciation of Right of Use Assets	10	9,393,514	12,827,791
Amortization of Intangible Assets	10	276,031	3,238,100
Provision for Employee Benefits	27.4	26,251,758	21,286,093
Impairment Provision of Trade & Other Receivables	8	(28,073,853)	51,292,523
Reversal of Provision for Inventory	10	(127,013,905)	(10,186,564)
Finance Costs	9.2	10,365,364	25,226,657
Interest Income	9.1	(60,870,758)	(70,558,490)
Lease Interest Income	6	(144,590,886)	(249,312,231)
Gain on Sale of Property, Plant and Equipment	6	(4,638,736)	(5,217)
Charge / (Reversal) of Provision for Free Service	10	1,452,592	(3,017,682)
Charge / (Reversal) of Warranty Provision	10	9,178,575	(2,884,985)
Fair Value (Gain) / Loss on Equity Investments	9.2	(12,142)	5,654
		(166,411,401)	(113,366,283)
Operating Profit before Working Capital Changes		1,086,741,097	(32,543,193)
Working Capital Changes in			
Inventories		(1,421,875,000)	279,112,709
Trade and Other Receivables		(259,197,423)	73,640,457
Amount due from Related Party		618,439,973	168,813,149
Trade and Other Payables		257,925,482	(409,038,965)
Amounts due to Related Party		1,322,418,179	(1,812,710,053)
		517,711,211	(1,700,182,703)
Cash Generated from / (Used in) Operations		1,604,452,308	(1,732,725,896)
Interest Paid		(3,134,509)	(15,325,348)
Employee Benefits Paid	27.2	(18,183,715)	(2,575,413)
Investment in Plan Asset	27.3	(147,107,165)	-
Payments / Set off of Income Taxes	31	(106,612,878)	(54,264,785)
		(275,038,267)	(72,165,546)
Net Cash Generated from / (Used in) Operating Activities		1,329,414,041	(1,804,891,442)
Cash flows from Investing Activities			
Interest Received		198,471,759	319,872,562
Proceeds from Sale of Property, Plant and Equipment		10,125,000	6,000
Acquisition of Property, Plant and Equipment	15.5	(80,395,047)	(98,970,600)
Acquisition of Intangible Assets	17	-	(1,104,125)
Net Cash Flows Generated from Investing Activities		128,201,712	219,803,837
Cash Flows from Financing Activities			
Short Term Loans obtained during the year	33.1	-	222,848,000
Short Term Loans repaid during the year	33.1	-	(601,053,767)
Payment for Lease Liability		(23,514,550)	(23,052,196)
Dividend Paid	13.2	(18,104,215)	(36,208,430)
Net Cash Flows Used in Financing Activities		(41,618,765)	(437,466,393)
Net Increase / (Decrease) in Cash & Cash Equivalents		1,415,996,988	(2,022,553,998)
Net Cash & Cash Equivalents at the beginning of the year		(25,922,389)	1,996,631,609
Net Cash & Cash Equivalents at the end of the year	24	1,390,074,599	(25,922,389)
Analysis of Cash & Cash Equivalents at the end of the year			
Cash & Cash Equivalents	24.1	1,441,114,057	27,050,059
Bank Overdrafts	24.2	(51,039,458)	(52,972,448)
		1,390,074,599	(25,922,389)

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile & Legal Form

Lanka Ashok Leyland PLC (“the Company”) is a Quoted Public Limited Liability Company incorporated and domiciled in Sri Lanka under the provision of Companies Act, No. 17 of 1982 and re-registered under the New Companies Act, No. 07 of 2007. The registered office of the Company is located at Panagoda, Homagama.

1.2 Principal Activities and Nature of Operations

The Company is involved in import and assemble of Semi-Knocked-Down (SKD) chassis and fabricate bodies, import and marketing of Ashok Leyland buses, trucks, truck chassis, spare parts, power generators and let vehicles on hire. The Company also carries out repairs and restoration of commercial vehicles.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

The number of employees at the end of the year was 222 (2023 – 230).

1.3 Ultimate Holding Company

The Company is a quoted public Company with 41.77% of the Share Capital held by Lanka Leyland (Pvt) Limited and 27.85% of the Share Capital held by Ashok Leyland Limited – India.

1.4 Financial Year

The Company’s financial year ends on 31st March.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (referred “SLFRS/LKAS”) as laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act, No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE). These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

These SLFRSs and LKASs are available at the website of CA Sri Lanka – www.casrilanka.com.

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act, No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs).

The Board of Directors acknowledges this responsibility as set out in the Report of the Directors under "Directors' Responsibility for Financial Statements".

2.3 Approval of Financial statements

The Financial Statements of the Company for the year ended 31st March 2024 were approved and authorised for issue by the Board of Directors on 09th May 2024.

2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following material items in the statement of financial position.

Item	Basis of Measurement
Retirement Benefit Obligation	Measured at its present value, based on an actuarial valuation as explained in Note 27. The accounting policy is described in Note 3.11.2.
Equity Instruments	Measured at its fair value in Note 18.1. The accounting policy is described in Note 3.3.2.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.5 Functional and Presentation Currency

The Company's Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency and no level of rounding have been used in presenting amounts in the Financial Statements, otherwise indicated.

2.6 Materiality and Aggregation

Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Use of Judgments and Estimates

The preparation of the Financial Statements in conformity with LKAS / SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.7.1 Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

Note 3.16 & 5- revenue recognition: whether revenue from contracts with customers are recognized over time or at a point in time.

2.7.2 Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

2.7.2.1 Useful Lifetime of Property, Plant and Equipment

Note 3.6 & 15: The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.7.2.2 Deferred Taxation

Note 3.22.2 & 20: Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred Tax Liabilities are recognized for taxable temporary differences and for deferred tax assets, availability of future taxable profits against which deductible temporary differences can be utilized is assessed periodically.

2.7.2.3 Defined Benefit Plans

Note 3.11.2 & 27: The cost of the defined benefit obligation is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates, etc. Due to the long-term nature of this obligation, such estimates are subject to significant uncertainty.

2.7.2.4 Provisions for Obsolete and Slow-Moving Items

Note 3.9 & 21: Management's judgment is used in the estimation of the amount and percentages of slow-moving items when determining the provisions for obsolete and slow-moving items. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision made.

2.7.2.5 Impairment Losses on Trade Receivables and Rental Receivable from Trade Debtors

Note 3.4, 19 & 22: The Company reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ.

If impairment is not required based on the individual assessment all such individually significant balances are then assessed collectively, in groups of assets with similar risk characteristics. The Company measures loss allowances using the Expected Credit Loss (ECL).

When estimating ECL, Company determines whether the credit risk of a financial asset has increased significantly since initial recognition. For this the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.8 Going Concern

The Directors have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and do not foresee a need for liquidation or cessation of trading. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

Except for the changes set out in Note 3.1 the Company has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

3.1 Changes in Material Accounting Policies

The company adopted disclosure of accounting policies Amendments to LKAS 1 from 01st January 2024. Although the amendments did not result in any changes to the accounting policies themselves, the impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 03 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency applying exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of the functional currency prevailing at the reporting date. Foreign currency differences are generally recognised in profit or loss.

Statement of Financial Position

3.3 Current Versus non-current Classification

The Company presents Assets and Liabilities in Statement of Financial Position based on current / non-current classification.

An asset as current when it is:

- Expected to be realized or intended to sell or consume in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Employee Benefit and Lease Liability not payable within 12 months are classified as non-current liabilities.

3.4 Financial Instruments

3.4.1 Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.4.2 Classification and Subsequent Measurement

On initial recognition, financial assets are classified as Amortised Cost, FVOCI – Debt Investment, FVOCI – Equity Investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset measured at amortised cost comprises Trade and Other Receivables, Rental Receivable from Trade Debtors and Cash and Cash Equivalents including Investment in Treasury Bills, Repo Investments and Fixed Deposits.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FVTPL comprises investments in equity shares.

Financial Assets – Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment whether Contractual Cash Flows for Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets – Subsequent Measurement and Gains and Losses

Financial Assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3.4.3 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.4.4 Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.4.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Impairment

3.5.1 Non-Derivative Financial Assets

Financial Instruments

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- adverse changes in the payment status of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial Assets Measured at Amortized Cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables) on specific assets, accordingly all individually significant assets are assessed for specific impairment.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.5.2 Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Stated Capital

Ordinary Shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognized as an expense.

3.7 Property, Plant & Equipment

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

a) Cost

All Property, Plant and Equipment are initially recorded at cost and stated at historical cost less depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Expenditure incurred to replace a component of an item of Property, Plant and Equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied in the item of Property, Plant and Equipment will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the profit or loss as incurred.

b) Depreciation

Depreciation is calculated to systematically reduce the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The Company provides depreciation from the date the assets are available for use whereas depreciation of asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives of the different types of assets.

Factory Building	2.5%
Machinery & Equipment	5%
Factory Equipment	5%
Data processing Equipment	25%

Office Equipment & City office equipment	10%
Furniture & Fittings	10%
Motor Vehicles	20%
Plant & Machinery and Equipment - Assy Line	20%
Tools and Equipment - Factory	25%

Freehold land is not depreciated.

All assets carrying amounts are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

c) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

d) Capital Work-In-Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-In-Progress, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant & Equipment.

3.8 Intangible Assets

a) Cost

Intangible assets wholly consists of cost of computer software acquired by the Company and have finite useful life. Intangible assets are measured at cost less accumulated amortization and impairment losses.

b) Subsequent Expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

c) Amortization

Intangible assets are amortized on a straight-line basis in the profit or loss from the date when the assets available for use, over the best estimate of its useful economic life. The estimated useful life of software is four years.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.9 Capital Commitments

Capital commitments of the Company are disclosed in the Note 35 to the Financial Statements.

3.10 Inventories

Inventories are valued at lower of cost and net realizable value, after making due provisions for obsolete and slow-moving items.

Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Cost includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

Work-in-progress refers to jobs remaining incomplete in the workshop and stated at cost. Cost includes all expenditure related directly to specific projects.

The Cost of each category of inventory is determined on the following basis.

- Spare Parts - At Weighted Average Cost
- Vehicles - At Actual Cost
- Goods In Transit - At Estimated Cost

3.11 Goods-in-Transit

Inventory items shipped, but not received by the Company as at the reporting date are treated as goods-in transit. In such situations, estimates are made for unpaid bills in order to value goods-in-transit.

3.12 Employee Benefits

3.12.1 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined Benefit Plan- Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

To cover the Company employees' gratuity liability, maintains a gratuity cash accumulation policy with Life Insurance Corporation (Lanka) Limited. LIC (Lanka) is in charge of managing the defined benefit plan for Lanka Ashok Leyland staff members. LIC (Lanka) Ltd will give a gratuity to a departing employee on the day of the person's retirement or departure from the company.

Gratuity of the employee is guaranteed for the past service of the employee subject to the available fund balance with them as contributed by the Company.

One of the salient features of the policy is that Employees are also covered by a life insurance facility. In the event of a death before retirement, the nominees are entitled to receive the full gratuity, considering the number of years until retirement.

The Defined Benefit Obligation recognized in the statement of financial position represents the present value of the Defined Benefit Obligation as reduced by the fair value of plan assets.

The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. Under the said Act, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

3.12.3 Defined Contribution Plans- Employees Provident Fund & Employees Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognized as an expense in the profit or loss when incurred.

The Company contributes 12% and 3% of the salary of each employee to the Employees' Provident Fund and Employees' Trust Fund respectively.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.14 Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

3.16 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a Lessee

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the Company's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents Right-of-use Assets in 'Right-of-use Asset' and Lease Liabilities in 'Lease Liability' in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies SLFRS 15 to allocate the consideration in the contract.

Finance Leases – as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognises assets held under finance lease in the SOFP and presents them as a "Rental receivable from Trade Debtors" at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Company's net investment in lease is included in notes to financial statements. The finance income receivable is recognised in "other income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases and treated as investing activity in the statement of cash flows.

Statement of Profit or Loss and Other Comprehensive Income

3.17 Revenue

3.17.1 Revenue Streams

The Company's revenue comprises only the revenue from contracts with customers. Revenue from contract with customers generates primarily from New vehicle sales. The streams of Diesel generator set sales, Repair income, spare part sales, vehicle hiring income and agency commission income are the other sources of income included under revenue from contracts with customers.

3.17.2 Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers is disaggregated by sales by type of counterparty, major products and service lines and timing of revenue recognition under Note 05.

3.17.3 Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Product / Service	Nature and Timing of Satisfaction of Performance Obligations, Including Significant Payment Terms	Revenue Recognition Policies
Sale of Vehicles with Free Services	The Company provides two free services within two months of the sale, for the vehicles sold and price of these free services is in-built in the selling price. The Company may recognize Revenue from free services when the service is rendered.	The Company allocates a portion of the consideration received to free services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the free services is deferred and is recognized as revenue when the services are rendered.
Spare Parts Sales	The Company sells spare parts through their stalls in several locations. The goods are realized when the goods are transported out, and the invoice is raised afterwards.	Revenue from spare parts sales are recognized at the dispatch point when the Company transfer the control of spare parts to the customer.
Body Parts Construction	The Company constructs some of the body parts in resalable nature, where it is less customized to the particular customer. The Company also constructs the body parts fully customized to the specifications provided by the customer. The Company has a guaranteed right to payment by the advance or the full payment charged from the customer.	The Company transfers the control of the goods over time. However, the time consumed for construction and sale of body part is insignificant. Therefore, the revenue is recognized at the point of transfer of body parts.
Local Agency Commission	The Company acts as an indent agent for Ashok Leyland – India. LAL receives a commission from its indent principal for arranging the transaction.	The Company act as an agent for Ashok Leyland – India. Therefore, the commission is recognized at the date of bill of lading except for any consideration received on behalf of the principal.
Diesel Generator Set Sales	The Company provides generator sets and installation services to the customers. The price for the installation service is in-built in the price of the generator set.	Revenue from sale of generators are recognized at the point of delivery. Revenue from installation service is also qualified for at a point in time revenue recognition, since there is no significant time gap for installation to be taken place.
Hiring income	Company provides vehicles on hire basis to government sectors	Revenue from hiring is recognized over time due to the fact that the entity identifies the receipts and simultaneous consumption of benefits from the services provided to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.18 Sale of Goods under Finance Lease

In accordance with paragraph 73 of SLFRS 16 – “Leases”, the selling profit or loss is recognized in the period of sales in accordance with the policy followed for outright sales. When low rate of interest are quoted, selling profit is restricted to that which would apply if a market rate of interest were charged. Cost incurred in connection with negotiating and arranging the lease is recognized as an expense when the selling profit is recognized.

The finance income over and above the selling profit is recognized over the lease term.

3.19 Gain or Loss on Disposal of Property, Plant and Equipment

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognized net within “other income” in Profit or Loss.

3.20 Other Income

All other income is recognized on an accrual basis.

3.21 Expenditure Recognition

Expenses are recognized in the Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to profit or loss in arriving at the Profit / (Loss) for the year.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the business or for the purpose of increasing earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of profit or loss the directors are of the opinion that “function of expenses method” presents fairly the elements of the enterprise’s performance, and hence such presentation method is adopted.

3.21.1 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the specific asset.

3.22 Finance Income and Finance Costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, and overdraft interest expenses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.23 Income Tax Expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted them under LKAS 37 Provisions, contingent liabilities and contingent assets.

3.23.1 Current Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years, also reflecting uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends.

The Company is liable to taxation in accordance with the Inland Revenue Act, No. 24 of 2017 and subsequent amendments there to.

3.23.2 Deferred Taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, based on the level of future taxable profit forecasts and tax planning strategies.

3.24 Fair Value Measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Number of Company’s accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3 - Inputs from the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.25 Events after the Reporting Period

All material and important events if any which occur after the reporting date have been considered and disclosed in Note 38 to the Financial Statements.

3.26 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the ‘Indirect Method’ of preparing cash flows in accordance with Sri Lanka Accounting Standard- LKAS 7 on ‘Statement of Cash Flows’.

3.27 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank, cash in hand and fixed deposits with maturities of three months or less from the acquisition date and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and forming an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.28 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.29 Dividends on Ordinary Shares

Final dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning after the current financial year. Accordingly, the Company has not applied the following new or amended standards in preparing these Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

- Classification of Liabilities as Current or Non Current and Non current liabilities with Covenants (Amendments to LKAS 1) (The amendments apply to annual reporting periods beginning on or after 01st January 2024)
- Supplier Finance Arrangements (Amendment to LKAS 7 and SLFRS 7) (The amendments apply to annual reporting periods beginning on or after 01st January 2024)
- Other accounting Standards
 - o The following new and amended accounting standards are not expected to have a significant impact on the company's financial statement.
 - o Lease liabilities in a sale and leaseback (Amendment to SLFRS 16)
 - o Lack of Exchangeability (Amendment to IAS 21)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March		2024 Rs.	2023 Rs.
5	REVENUE		
5.1	Disaggregation of Revenue from Contract with Customers		
5.1.1	Major Products / Service Lines		
	New Vehicle Sales	4,229,076,849	2,698,724,989
	Diesel Generator Set Sales	44,486,891	66,122,086
	Repair Income	290,180,441	211,997,961
	Spare Parts Sales	373,592,210	232,949,366
	Vehicle Hiring Income	467,051,383	249,699,443
	Local Agency Commission	-	28,210,772
		5,404,387,774	3,487,704,617
5.1.2	Sales by Type of Counter-party		
	Government Entities	959,870,032	556,531,316
	Corporates and Institutions	3,059,312,029	1,892,622,241
	Individuals	1,385,205,713	1,038,551,060
		5,404,387,774	3,487,704,617
5.1.3	Revenue by Geographical Markets		
	Domestic Sales	5,168,483,949	3,409,265,525
	Export Sales	235,903,825	78,439,092
		5,404,387,774	3,487,704,617
5.1.4	Timing of Revenue Recognition		
	Products & Services Transferred at a Point in Time	4,937,336,391	3,238,005,174
	Product & Services Transferred Over Time	467,051,383	249,699,443
		5,404,387,774	3,487,704,617
5.2	In respect of Commission, Management considers that the following factors indicate the Company acts as an agent;		
	- The Company neither takes title to nor is exposed to inventory risk related to goods, does not have discretion in establishing prices and has no significant responsibility in respect of the goods sold.		
	- The Company receives indent commission for the arrangement of sale of the goods and all the risk related to the transaction is borne by the supplier of the goods.		

For the Year Ended 31 st March		2024 Rs.	2023 Rs.
6	OTHER INCOME		
	Profit on Sale of Property, Plant and Equipment	4,638,736	5,217
	Lease Interest Income (Note 19.7)	144,590,886	249,312,231
	Sundry Income	45,322,232	33,349,928
		194,551,854	282,667,376
7	SELLING AND DISTRIBUTION EXPENSES		
	Distribution Expenses Comprise of the Followings;		
	Sales Promotions	2,227,330	1,559,168
	Discounts	3,184,491	1,587,769
	Advertising	-	31,200
	Other Selling Expenses	24,402,015	19,621,176
		29,813,836	22,799,313

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March		2024 Rs.	2023 Rs.
8	IMPAIRMENT REVERSAL / (CHARGE) OF TRADE RECEIVABLES		
	Impairment Reversal of Rental Receivable from Trade Receivables (Note 19.3)	147,068,318	7,201,136
	Impairment Charge of Trade Receivables (Note 22.2)	(118,994,465)	(58,493,659)
		28,073,853	(51,292,523)
9	NET FINANCE INCOME		
9.1	Finance Income		
	Interest Income	53,883,168	70,558,490
	Return on Plan Assets	6,987,590	-
	Net Foreign Exchange Gain	8,379,153	1,809,410
	Financial Assets at FVTPL - Net Change in Fair Value Gain	12,142	-
		69,262,053	72,367,900
9.2	Finance Cost		
	Interest Expense on Short Term Borrowings	-	(3,806,829)
	Interest Expense on Bank Overdrafts	(729,059)	(10,250,715)
	Interest Cost on Lease Liability	(9,636,305)	(11,169,113)
		(10,365,364)	(25,226,657)
	Financial Assets at FVTPL - Net Change in Fair Value Loss	-	(5,654)
		(10,365,364)	(25,232,311)
	NET FINANCE INCOME	58,896,689	47,135,589
10	PROFIT BEFORE TAX		
	Profit before tax is stated after charging all the expenses / (reversal) including followings;		
	Directors' Emoluments	16,445,000	16,275,000
	Auditors' Remuneration - Audit Services	2,725,000	2,300,000
	- Audit Related Services	75,000	66,000
	- Non Audit Services	460,000	400,000
	Staff Cost (Note 10.1)	441,750,878	365,650,617
	Depreciation of Property, Plant and Equipment (Note 15)	141,871,045	108,722,068
	Depreciation of Right of Use Asset (Note 16)	9,393,514	12,827,791
	Amortization of Intangible Assets (Note 17)	276,031	3,238,100
	Reversal of Provision for Slow Moving and Obsolete Stocks (Note 21.2)	(127,013,905)	(10,186,564)
	Charge / (Reversal) of Provision for Free Service (Note 29.1)	1,452,592	(3,017,682)
	Charge / (Reversal) of Warranty Provision (Note 32)	9,178,575	(2,884,985)
10.1	Staff Cost		
	Salaries, Wages and Other Benefits	385,614,699	316,477,256
	Defined Contribution Plans - EPF	23,907,537	22,309,814
	Defined Contribution Plans - ETF	5,976,884	5,577,454
	Defined Benefit Plans (Note 27.4)	26,251,758	21,286,093
		441,750,878	365,650,617

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11 TAX EXPENSE / (REVERSAL)

The Company is liable to taxation at the rate of 30% in accordance with the Inland Revenue Act, No. 24 of 2017 and subsequent amendments there to. The composition of income tax expense is as follows ;

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
11.1 Tax Expense / (Reversal)		
Income Tax on Profits for the year (Note 11.2)	284,531,052	33,617,820
Over Provision of Current Tax in Respect of Previous years	-	126,000
Deferred Tax Expense / (Reversal) (Note 11.3)	110,834,549	(101,914,845)
	395,365,601	(68,171,025)
11.2 Reconciliation of the Accounting Profit and Taxable Profit		
Profit Before Tax	1,253,152,498	80,823,090
Income from Other Sources and Exempt Income	(58,790,647)	(70,967,614)
Aggregated Expenses Disallowed for Taxation	92,951,331	207,980,819
Aggregated Deductible Expenses for Taxation	(392,759,511)	(163,658,698)
Assessable Income from Business	894,553,671	54,177,597
Assessable Income from Investment	53,883,168	70,558,490
Taxable Income	948,436,839	124,736,087
Taxation		
Income Tax at 14%	-	85,292
Income Tax at 24%	-	14,822,115
Income Tax at 30%	284,531,052	18,710,413
Income Tax on Profits for the year	284,531,052	33,617,820
11.3 Deferred Tax Reversal Recognized in Comprehensive Income		
Statement of Profit or Loss (Note 20)	(110,834,549)	101,914,845
Other Comprehensive Income (Note 20)	28,149,421	(1,718,669)
	(82,685,128)	100,196,176
11.4 Effective Tax Rate		
Effective Tax Rate Excluding Deferred Tax (Note 11.5)	22.71%	41.59%
Effective Tax Rate Including Deferred Tax (Note 11.5)	31.55%	-84.50%
Effective Tax Rate Including Deferred Tax and Over Provision of Current Tax in Respect of Previous years (Note 11.5)	31.55%	-84.35%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March	2024		2023	
	Rate	Rs.	Rate	Rs.
11 TAX EXPENSE / (REVERSAL) (Contd.)				
11.5 Reconciliation of Effective Tax Rate				
Profit Before Tax		1,253,152,498		80,823,090
Income Tax Expense at the Average Statutory Income Tax Rate	30.00%	375,945,749	26.95%	21,782,759
Exempted Income	-0.12%	(1,472,244)	-0.14%	(110,264)
Disallowed Expenses	2.23%	27,885,400	69.35%	56,053,239
Deductible Expenses	-9.40%	(117,827,853)	-54.57%	(44,107,914)
Effective Tax Rate Excluding Deferred Tax	22.71%	284,531,052	41.59%	33,617,820
Temporary Differences	8.84%	110,834,549	-126.10%	(101,914,845)
Effective Tax Rate Including Deferred Tax	31.55%	395,365,601	-84.50%	(68,297,025)
Over Provision of Current Tax in Respect of Previous years	0.00%	-	0.16%	126,000
Effective Tax Rate Including Deferred Tax and Over				
Provision of Current Tax in Respect of Previous years	31.55%	395,365,601	-84.35%	(68,171,025)

12 EARNINGS PER SHARE

12.1 Basic Earnings per Share

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding.

For the Year Ended 31 st March	2024	2023
Profit Attributable to Ordinary Shareholders (Rs.)	857,786,897	148,994,115
Weighted Average Number of Ordinary Shares	3,620,843	3,620,843
Basic and Diluted Earnings per Share (Rs.)	236.90	41.15

12.2 Diluted Earnings per Share

The calculation of diluted earning per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all diluted ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year and previous year. Therefore, Diluted Earnings per Share is same as Basic Earnings per share shown above.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

13 DIVIDEND PER SHARE

After the reporting date, the following dividend was proposed by the Board of Directors. The Dividend has not been recognized as liability in the Financial Statements in compliance with LKAS 10 "Events After the Reporting Period".

For the Year Ended 31 st March	2024	2023
Dividend for the Year (Rs.)	54,312,645	18,104,215
Weighted Average Number of Ordinary Shares	3,620,843	3,620,843
Dividend per Share (Rs.)	15.00	5.00

13.1 During the year, an amount of Rs. 1,060,911/- (2022/23 - Rs. 894,668/-) reversed as unclaimed dividend.

13.2 2022/23 Company has declared a first and final Dividend amount of Rs. 18,104,215/- was paid during 2023/24 and dividend declared for 2021/22 year amounting to Rs. 36,208,430/- paid during 2022/23.

14 ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (ADJUSTED EBITDA)

The Directors of the Company have presented the performance measure adjusted EBITDA as they monitor this performance measure at high level and they believe this measure is relevant to an understanding of the Company's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of Taxation, Net Finance Costs, Depreciation, Amortization, Impairment Losses / Reversals related Intangible Assets, Property, Plant and Equipment.

Adjusted EBITDA is not a defined performance measure in SLFRS / LKAS. The Company's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of Adjusted EBITDA to Profit from Operations;

For the Year Ended 31 st March	Note	2024 Rs.	2023 Rs.
Profit from Continuing Operations		857,786,897	148,994,115
Tax Expense / (Reversal)	11.1	395,365,601	(68,171,025)
Profit before Tax		1,253,152,498	80,823,090
Adjustments for:			
- Net Finance (Income)	9	(58,896,689)	(47,135,589)
- Depreciation of Property, Plant & Equipment	10	141,871,045	108,722,068
- Depreciation of Right-of-use Asset	10	9,393,514	12,827,791
- Amortisation of Intangible Assets	10	276,031	3,238,100
Adjusted EBITDA		1,345,796,399	158,475,460

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15 PROPERTY, PLANT & EQUIPMENT

For the Year Ended 31 st March 2024	As at 01 st April 2023 Rs.	Additions Rs.	Cost Disposals / Transfers / Rs.	As at 31 st March 2024 Rs.
Freehold Land	10,700,810	-	-	10,700,810
Freehold Factory & Building	438,955,986	-	-	438,955,986
Data Processing Equipment	50,331,508	15,289,290	(485,000)	65,135,798
Machinery & Equipment	57,173,860	-	-	57,173,860
Factory Equipment	42,071,640	-	-	42,071,640
Office Equipment	16,515,332	2,098,000	-	18,613,332
Furniture & Fittings	38,613,175	621,773	-	39,234,948
Motor Vehicles	1,005,817,764	420,140,952	(10,588,830)	1,415,369,886
Plant & Machinery and Equipment - Assy Line	54,328,976	23,846,893	-	78,175,869
Tools and Equipment - Factory	4,195,450	1,275,488	-	5,470,938
	1,718,704,501	463,272,396	(11,073,830)	2,170,903,067
Capital Work In Progress - Building	-	37,263,605	-	37,263,605
	1,718,704,501	500,536,001	(11,073,830)	2,208,166,672

For the Year Ended 31 st March 2023	As at 01 st April 2022 Rs.	Additions Rs.	Cost Disposals / Transfers Rs.	As at 31 st March 2023 Rs.
Freehold Land	10,700,810	-	-	10,700,810
Freehold Factory & Building	360,820,756	78,135,230	-	438,955,986
Data Processing Equipment	46,783,752	3,617,756	(70,000)	50,331,508
Machinery & Equipment	56,886,860	287,000	-	57,173,860
Factory Equipment	37,330,840	4,740,800	-	42,071,640
Office Equipment	11,611,896	4,903,436	-	16,515,332
Furniture & Fittings	26,858,621	11,754,554	-	38,613,175
Motor Vehicles	946,316,896	59,500,868	-	1,005,817,764
Plant & Machinery and Equipment - Assy Line	47,788,198	6,540,778	-	54,328,976
Tools and Equipment - Factory	-	4,195,450	-	4,195,450
	1,545,098,629	173,675,872	(70,000)	1,718,704,501
Capital Work In Progress - Building	15,204,404	-	(15,204,404)	-
	1,560,303,033	173,675,872	(15,274,404)	1,718,704,501

15.1 Market Value of the Freehold Land & Building

Property	Market Value	Valuation Surveyor	Date of Valuation	No of Buildings	Land Extent
Freehold Land & Building at Panagoda, Homagama	Rs. 839 Mn	Mr. M.A. Ananda Sarath	23.01.2021	4	18 acres and 29.20 perches

15.2 Seylan Bank PLC holds the primary mortgage on Factory Land, Building, Machinery and Other Equipment, amounting to Rs. 200 Mn.

15.3 During the year, Rs. 420,140,952/- (2022/23 - Rs. 59,500,868/-) worth of Motor Vehicles have been capitalized from Motor Vehicle Stock.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 01 st April 2023 Rs.	Accumulated Depreciation Charge for the year Rs.	On Disposal Rs.	As at 31 st March 2024 Rs.	Carrying Value As at 31 st March 2024 Rs.
-	-	-	-	10,700,810
71,316,291	10,973,900	-	82,290,191	356,665,795
38,772,470	4,447,331	(94,954)	43,124,847	22,010,951
16,979,741	2,565,338	-	19,545,079	37,628,781
16,237,138	2,006,796	-	18,243,934	23,827,706
6,694,709	1,350,711	-	8,045,420	10,567,912
21,473,682	2,106,626	-	23,580,308	15,654,640
832,445,828	105,484,996	(6,255,323)	931,675,501	483,694,385
17,205,953	11,752,156	-	28,958,109	49,217,760
187,217	1,183,191	-	1,370,408	4,100,530
1,021,313,029	141,871,045	(6,350,277)	1,156,833,797	1,014,069,270
-	-	-	-	37,263,605
1,021,313,029	141,871,045	(6,350,277)	1,156,833,797	1,051,332,875

As at 01 st April 2022 Rs.	Accumulated Depreciation Charge for the year Rs.	On Disposal Rs.	As at 31 st March 2023 Rs.	Carrying Value As at 31 st March 2023 Rs.
-	-	-	-	10,700,810
61,605,915	9,710,376	-	71,316,291	367,639,695
33,394,324	5,448,146	(70,000)	38,772,470	11,559,038
14,412,868	2,566,873	-	16,979,741	40,194,119
14,267,019	1,970,119	-	16,237,138	25,834,502
5,788,867	905,842	-	6,694,709	9,820,623
19,984,103	1,489,579	-	21,473,682	17,139,493
756,241,138	76,204,690	-	832,445,828	173,371,936
6,966,727	10,239,226	-	17,205,953	37,123,023
-	187,217	-	187,217	4,008,233
912,660,961	108,722,068	(70,000)	1,021,313,029	697,391,472
-	-	-	-	-
912,660,961	108,722,068	(70,000)	1,021,313,029	697,391,472

15.4 Property, Plant & Equipment included fully depreciated assets that are still in use having a gross amount of Rs. 793,584,928/- (2022/23 - Rs. 679,232,028/-).

15.5 During the financial year, the Company purchased Property, Plant and Equipment to the aggregate value of Rs. 80,395,047/- (2022/23 - Rs. 98,970,600/-) for cash.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15 PROPERTY, PLANT & EQUIPMENT (Contd.)

- 15.6 There is no permanent fall in the value of Property, Plant and Equipment which require a provision for impairment.
- 15.7 There were no restrictions existed on the title to the Property, Plant and Equipment of the Company as at the reporting date.
- 15.8 There were no capitalized borrowing costs related to the acquisition of Property, Plant and Equipment during the year (2022/23 - Nil).
- 15.9 During the year 2023/24, the Company has started concrete laying in the parking shed of factory premises and total costs incurred up to 31st March 2024 is Rs. 37,263,605/- and recorded under Capital Work-in-progress.

16 RIGHT-OF-USE ASSETS

Carrying amounts of Right-of-use Assets.

As at 31 st March	2024 Rs.	2023 Rs.
Cost		
Balance at beginning of the year	96,101,206	90,147,130
Additions	-	15,829,294
Lease Modification	(9,855,853)	(9,875,218)
Balance at end of the year	86,245,353	96,101,206
Accumulated Depreciation		
Balance at beginning of the year	60,080,087	47,252,296
Charge for the year	9,393,514	12,827,791
Balance at end of the year	69,473,601	60,080,087
Carrying Value as at 31st March	16,771,752	36,021,119

17 INTANGIBLE ASSETS

As at 31 st March	2024 Rs.	2023 Rs.
Cost		
Balance at beginning of the year	28,817,321	27,713,196
Additions	-	1,104,125
Balance at end of the year	28,817,321	28,817,321
Accumulated Amortization		
Balance at beginning of the year	27,896,965	24,658,865
Charge for the year	276,031	3,238,100
Balance at end of the year	28,172,996	27,896,965
Carrying Value as at 31st March	644,325	920,356

- 17.1 Intangible asset consist of ERP software Purchased during 2007 & 2018, Microsoft License Purchased during the year 2014 and also HR system purchased during the year 2023.
- 17.2 Intangible Assets included fully amortized assets that are still in use having a gross amount of Rs. 27,713,196 as at 31st March 2024 (2022/23 - Rs. 27,713,196).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31 st March	2024 Rs.	2023 Rs.
18 FINANCIAL INVESTMENTS		
Equity Securities - Fair Value Through Profit or Loss (Note 18.1)	131,904	119,762
Corporate Debt Securities - Amortised Cost (Note 18.2)	-	11,423,218
	131,904	11,542,980

As at 31 st March	2024		2023	
	Cost Rs.	Market Value Rs.	Cost Rs.	Market Value Rs.
18.1 Investment in Quoted Shares				
Diesel & Motor Engineering PLC (257 Ordinary Shares)	7,417	131,904	7,417	119,762
	7,417	131,904	7,417	119,762

As at 31 st March	2024		2023	
	Year of Maturity	Carrying Amount	Year of Maturity	Carrying Amount
18.2 Investment in Debentures				
Seylan Bank PLC (100,000 Debentures at Rate of Rs. 100/- each)		-	2024	11,423,218
		-		11,423,218

Corporate debt securities are classified at amortised cost. Debentures have an interest rate of 15% and will be matured on April 2024. Therefore this investment has been classified as short term investments under cash & cash Equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19 RENTAL RECEIVABLE FROM TRADE DEBTORS

Assets leased to customers which transfers substantially all risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease. Amounts receivable under finance leases, net of initial rentals received, deferred interest income and provision for impairment loss, are classified as Rental Receivable from Trade Debtors and are presented below;

As at 31 st March	2024 Rs.	2023 Rs.
Balance as at the beginning of the year	1,249,985,440	2,046,435,646
Granted during the year	130,014,750	16,890,000
Total Rental Receivable	1,380,000,190	2,063,325,646
Less : Payment received during the year	(828,699,936)	(813,340,206)
Total Rental Outstanding (Note 19.4)	551,300,254	1,249,985,440
Less : Deferred Interest Income	(32,108,546)	(160,780,880)
Unearned Rental Income	519,191,708	1,089,204,560
Less : Provision for Impairment Loss (Note 19.3)	(103,324,296)	(250,392,614)
Balance as at the end of the year	415,867,412	838,811,946
19.1 Receivable after one year		
Total Rental Receivable	44,541,879	335,331,341
Less : Deferred Interest Income	(2,746,188)	(20,698,045)
Unearned Rental Income	41,795,691	314,633,296
Less : Provision for Impairment Loss	-	-
Balance as at 31st March	41,795,691	314,633,296
19.2 Receivable within one year		
Total Rental Receivable	506,758,375	914,654,099
Less : Deferred Interest Income	(29,362,358)	(140,082,835)
Unearned Rental Income	477,396,017	774,571,264
Less : Provision for Impairment Loss	(103,324,296)	(250,392,614)
Balance as at 31st March	374,071,721	524,178,650
Total	415,867,412	838,811,946

19.3 Movement of Impairment Loss

The movement in the allowance for impairment in respect of Rental Receivable from Trade Debtors during the year is as follows;

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	249,981,930	410,684	250,392,614
Impairment Loss / (Reversal) recognized during the year	(148,465,284)	1,396,966	(147,068,318)
Balance at the end of the year	101,516,646	1,807,650	103,324,296
As at 31 st March 2023	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	257,589,023	4,727	257,593,750
Impairment Loss / (Reversal) recognized during the year	(7,607,093)	405,957	(7,201,136)
Balance at the end of the year	249,981,930	410,684	250,392,614

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19 RENTAL RECEIVABLE FROM TRADE DEBTORS (Contd.)

19.4 Rental Receivable from Trade Debtors by types of Counter Party are as follows;

As at 31 st March	2024 Rs.	2023 Rs.
Sri Lanka Transport Board (Note 34.1)	431,722,572	1,221,469,406
Corporate and Other Institutions	105,581,552	20,544,650
Individuals	13,996,130	7,971,384
	551,300,254	1,249,985,440

19.5 Maturity Analysis of Rentals Receivables from Trade Debtors (Net of Deferred Interest Income and Impairment Provision)

	Less than 06 Months Rs.	06 - 12 Months Rs.	01 - 05 Years Rs.	Total Rs.
Rental Receivables from Trade Debtors As at 31 st March 2024	318,712,241	55,359,480	41,795,691	415,867,412
Rental Receivables from Trade Debtors As at 31 st March 2023	234,333,816	289,844,834	314,633,296	838,811,946

19.6 Remaining Contractual Maturity Analysis of Rental Receivable from Trade Debtors

As at 31 st March	2024 Rs.	2023 Rs.
Within 1 Year	541,273,917	914,654,099
1 - 2 Years	10,026,337	334,669,004
2 - 3 Years	-	662,337
Gross Rental Receivable from Trade Debtors	551,300,254	1,249,985,440
Less: Deferred Interest Income	(32,108,546)	(160,780,880)
	519,191,708	1,089,204,560
Less: Provision for Impairment Loss	(103,324,296)	(250,392,614)
Net Rental Receivable from Trade Debtors	415,867,412	838,811,946

19.7 Amounts Recognised in Profit or Loss

The Profit or Loss include the following amounts in respect of finance lease.

Selling Profit	27,387,891	131,909
Lease Interest Income (Note 06)	144,590,886	249,312,231
	171,978,777	249,444,140

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

20 DEFERRED TAX ASSETS

As at 31 st March	2024 Rs.	2023 Rs.
Balance at the beginning of the year	313,755,104	213,558,928
Recognised in Profit or Loss (Note 20.2)	(110,834,549)	101,914,845
Recognised in Other Comprehensive Income (Note 20.2)	28,149,421	(1,718,669)
Balance at the end of the Year	231,069,976	313,755,104

20.1 Deferred Tax Assets and Liabilities are attributable to the following:

As at 31 st March	Assets		Liabilities		Net Asset/(Liability)	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Property, Plant and Equipment	-	-	(90,431,031)	(72,623,035)	(90,431,031)	(72,623,035)
Employee Benefits	17,317,059	32,975,657	-	-	17,317,059	32,975,657
Provision for Inventory	204,812,083	242,916,256	-	-	204,812,083	242,916,256
Provision for Trade Debtors	91,080,610	103,059,863	-	-	91,080,610	103,059,863
Others	8,291,255	7,426,363	-	-	8,291,255	7,426,363
Net Deferred Tax Asset / (Liability)	321,501,007	386,378,139	(90,431,031)	(72,623,035)	231,069,976	313,755,104

Deferred tax assets and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities.

20.2 Movement in Recognized Deferred Tax Assets and Liabilities

	Balance as at 01 st April 2023 Rs.	Recognised in Profit or Loss Rs.	Recognised in OCI Rs.	Balance as at 31 st March 2024 Rs.
Property, Plant and Equipment	(72,623,035)	(17,807,996)	-	(90,431,031)
Employee Benefits	32,975,657	(43,808,019)	28,149,421	17,317,059
Provision for Inventory	242,916,256	(38,104,173)	-	204,812,083
Provision for Trade Debtors	103,059,863	(11,979,253)	-	91,080,610
Others	7,426,363	864,892	-	8,291,255
Net Deferred Tax Asset / (Liability)	313,755,104	(110,834,549)	28,149,421	231,069,976

	Balance as at 01 st April 2022 Rs.	Recognised in Profit or Loss Rs.	Recognised in OCI Rs.	Balance as at 31 st March 2023 Rs.
Property, Plant and Equipment	(45,615,194)	(27,007,841)	-	(72,623,035)
Employee Benefits	20,356,785	14,337,541	(1,718,669)	32,975,657
Provision for Inventory	172,180,558	70,735,698	-	242,916,256
Provision for Trade Debtors	61,370,468	41,689,395	-	103,059,863
Others	5,266,311	2,160,052	-	7,426,363
Net Deferred Tax Asset / (Liability)	213,558,928	101,914,845	(1,718,669)	313,755,104

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21 INVENTORIES

As at 31 st March	2024 Rs.	2023 Rs.
Fully Built Vehicle Stock	1,525,822,614	2,338,678,852
Semi-Knock-Down (SKD) Vehicle Stock	230,152,570	-
Generators	29,200,159	36,764,924
Cabins / Bodies & Work In Progress	369,965,145	303,567,296
Spare Parts & Consumables	954,412,478	718,007,030
	3,109,552,966	3,397,018,102
Goods In Transit (Note 21.1)	1,325,896,089	36,696,905
	4,435,449,055	3,433,715,007
Provision for Slow Moving & Obsolete Stocks (Note 21.2)	(682,706,950)	(809,720,855)
	3,752,742,105	2,623,994,152

21.1 Goods in Transit includes the inventory shipped, but not received by the Company.

As at 31 st March	2024 Rs.	2023 Rs.
21.2 Provision for Slow Moving & Obsolete Stocks		
Balance at the beginning of the year	809,720,855	819,907,419
Reversal for the year	(127,013,905)	(10,186,564)
Balance at the end of the year	682,706,950	809,720,855

21.3 Stocks have been pledged against the revolving import loan and import loan facilities obtained from Seylan Bank PLC and Commercial Bank of Ceylon PLC.

As at 31 st March	2024 Rs.	2023 Rs.
22 TRADE AND OTHER RECEIVABLES		
Trade Receivables	269,711,951	37,751,446
Receivables from Related Parties (Note 22.1)	517,563,564	474,929,037
Less: Provision for Impairment Loss (Note 22.2)	(200,277,706)	(93,140,233)
	586,997,809	419,540,250
Advances to Staff	352,000	-
VAT Receivable	31,798,199	40,227,912
Other Receivables	209,214	71,137
	619,357,222	459,839,299
22.1 Receivables from Related Parties		
Sri Lanka Transport Board (Note 34.1)	219,195,968	71,843,620
Ashok Leyland Limited - India (Note 34.1)	212,257,006	313,098,297
Other Government Related Entities (Note 34.1)	78,110,590	85,987,120
Bank of Ceylon (Note 34.1)	8,000,000	4,000,000
	517,563,564	474,929,037

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

22. TRADE AND OTHER RECEIVABLES (Contd.)

22.2 Movement of Impairment Loss

The movement in the allowance for impairment in respect of Trade Receivables during the year is as follows;

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	40,864,094	52,276,139	93,140,233
Impairment Loss recognized during the year	116,559,354	2,435,111	118,994,465
Amounts Write Offs	-	(11,856,992)	(11,856,992)
Balance at the end of the year	157,423,448	42,854,258	200,277,706

As at 31 st March 2023	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	10,086,867	24,559,707	34,646,574
Impairment Loss recognized during the year	30,777,227	27,716,432	58,493,659
Balance at the end of the year	40,864,094	52,276,139	93,140,233

22.3 Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 44.

As at 31 st March	2024 Rs.	2023 Rs.
23 DEPOSITS AND PREPAYMENTS		
Deposits and Advances	34,778,113	98,245,937
Prepayments	21,146,884	13,995,633
	55,924,997	112,241,570
24 CASH & CASH EQUIVALENTS		
24.1 Favorable Balances		
Short Term Investments (Note 24.3)	1,355,114,264	2,300,000
Cash in Hand	1,433,965	1,754,254
Cash at Banks	84,565,828	22,995,805
	1,441,114,057	27,050,059
24.2 Unfavorable Balances		
Bank Overdrafts	(51,039,458)	(52,972,448)
	(51,039,458)	(52,972,448)
Cash & Cash Equivalents for the purpose of Cash Flow Statement	1,390,074,599	(25,922,389)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24 CASH & CASH EQUIVALENTS (Contd.)

As at 31 st March	2024 Rs.	2023 Rs.
24.3 Short Term Investments		
Investment in Fixed Deposits	2,300,000	2,300,000
Investments in Treasury Bills	1,220,588,797	-
Investment in Repo	120,800,000	-
Investment in Debentures	11,425,467	-
	1,355,114,264	2,300,000

24.4 Bank Overdraft Facility Details

Bank	Interest Rate (%)	Approved Facility (Rs.)	Security
Seylan Bank PLC	AWPLR	100,000,000	Land / Building / Inventory
Commercial Bank of Ceylon PLC	AWPLR +1	50,000,000	Inventory
Bank of Ceylon	AWPLR	1,900,000	Fixed Deposit

24.5 Unutilized bank overdraft facilities as at 31st March 2024 amounted to Rs. 151.9 Mn (2022/23 - Rs. 151.9 Mn).

As at 31 st March	No. of Shares	2024 Rs.	2023 Rs.
25 STATED CAPITAL			
Ordinary Shares	3,620,843	36,208,430	36,208,430
Share Premium		13,166,720	13,166,720
Stated Capital		49,375,150	49,375,150

25.1 The Company is authorized for 6,000,000 Ordinary Shares (par value of a share is Rs. 10/-).

25.2 There were no movements in the issued share capital during the year.

25.3 All Ordinary Shares rank equally with regard to the Company's residual assets and holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

25.4 A premium of Rs. 40/- per share was received for 329,168 ordinary shares issued as rights in 1992.

As at 31 st March	2024 Rs.	2023 Rs.
26 GENERAL RESERVE		
General Reserve	887,347,500	887,347,500
	887,347,500	887,347,500

26.1 The General Reserve relates to retained earnings set aside by the Company for general application. There were no movements in the General Reserves during the year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27 DEFINED BENEFIT OBLIGATION (NET)

As At 31 st March	2024 Rs.	2023 Rs.
27.1 Net Defined Benefit Obligation		
Present Value of Defined Benefit Obligation at the end of the year (Note 27.2)	209,088,686	109,918,855
Fair Value of Plan Asset at the end of the year (Note 27.3)	(151,365,141)	-
Amount Recognised in Statement of Financial Position	57,723,545	109,918,855

27.2 Net Defined Benefit Obligation

The Company measures the Present Value of Defined Benefit Obligation (PVDBO) which is a Defined Benefit Plan with the advice of an actuary using Project Unit Credit Method. Changes in the present value of the Retirement Benefit Plan as follows;

As at 31 st March	2024	2023
Balance at the beginning of the year	109,918,855	96,937,072
Expenses recognised in Profit or Loss (Note 27.4)	26,251,758	21,286,093
Expenses recognised in Other Comprehensive Income (Note 27.5)	91,101,788	(5,728,897)
Payments during the year	(18,183,715)	(2,575,413)
Balance at the end of the year	209,088,686	109,918,855
27.3 Reconciliation of Fair Value of Plan Asset		
Balance at the beginning of the year	-	-
Contribution by Employer	147,107,165	-
Return on Plan Asset	6,987,590	-
Actuarial Gains / (Loss) on Plan Asset	(2,729,614)	-
Benefit Paid by the Plan	-	-
Balance at the end of the year	151,365,141	-

27.3.1 Plan Asset

Plan Asset comprise the following,

Government Treasury Bonds	100,000,000	-
Corporate Debt Securities	47,107,165	-
Accrued Interest	4,257,976	-
	151,365,141	-

The Employee Benefit Liability for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Limited, on 31st March 2024.

Retirement Benefit Obligation of the Company is funded externally through an employees group gratuity plan at Life Insurance Corporation (Lanka) Limited.

Mr. Umesh Gautam, Chief Executive Officer of Lanka Ashok Leyland PLC is an Independent Director of Life Insurance Corporation (Lanka) Limited.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27 DEFINED BENEFIT OBLIGATION (NET) (Contd.)

As At 31 st March	2024 Rs.	2023 Rs.
27.4 Expenses Recognised in Profit or Loss		
Current Service Cost	5,367,176	5,776,161
Interest Cost	20,884,582	15,509,932
Expense Recognised in Profit or Loss	26,251,758	21,286,093
Expected Return on Plan Asset	(6,987,590)	-
Net Expense Recognised in Profit or Loss	19,264,168	21,286,093
27.5 Expenses Recognised in Other Comprehensive Income		
Actuarial Gains / (Loss) on Defined Benefit Obligation	91,101,788	(5,728,897)
Actuarial Gains / (Loss) on Plan Asset	2,729,614	-
	93,831,402	(5,728,897)

27.6 Actuarial Assumptions

The principal actuarial assumptions used in determining the cost are given below;

As At 31 st March	2024 Rs.	2023 Rs.
Discount Rate	12.00%	19.00%
Expected Annual Average Salary Increment	15.00%	14.00%
Staff Turnover Factor	4.0%	0.8%
Retiring Age	60 Years	60 Years
Mortality Table	A 67/70	A 67/70

27.6.1 The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. In the absence of a deep market in long term corporate bonds in Sri Lanka, the discount rate has been derived, and approximation of a long term interest rate of a 12% p.a. (2022/23 - 19% p.a) has been used to discount future liabilities. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27 DEFINED BENEFIT OBLIGATION (NET) (Contd.)

27.7 Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and the expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in the respective assumption that may occur at the end of the reporting period.

As at / For the Year Ended 31 st March	2024		2023	
	PVODBO Rs.	Benefit / (Expense) Rs.	PVODBO Rs.	Benefit / (Expense) Rs.
1% Increase in Discount Rate	195,331,490	13,757,196	105,107,961	4,810,894
1% Decrease in Discount Rate	224,892,684	(15,803,998)	115,267,874	(5,349,019)
1% Increase in Salary Increment Rate	224,630,723	(15,542,037)	115,723,059	(5,804,204)
1% Decrease in Salary Increment Rate	195,275,416	13,813,270	104,628,259	5,290,596

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

27.8 Maturity Profile of the Defined Benefit Obligation

As at 31 st March	2024 Rs.	2023 Rs.
Expected Future Working Life		
Within the Next Twelve Months	43,469,932	44,375,225
Between One to Five Years	52,666,197	17,570,330
Between Five to Ten Years	61,150,230	32,653,634
More than Ten Years	51,802,327	15,319,666
	209,088,686	109,918,855
Weighted Average duration of Defined Benefit Obligation	7.8 Years	5.4 Years

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Statement of Financial Position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28 LEASE LIABILITY

The Company's Leasing Activities

The Company occupies lease hold properties to carry out marketing operations and other related administrative activities.

As at 31 st March	2024 Rs.	2023 Rs.
Balance as at 01 st April	60,775,690	67,972,501
Additions	-	15,829,294
Lease Modification (Note 28.1)	(9,855,853)	(9,875,218)
Interest Expense Recognised in Profit or Loss	9,636,305	11,169,113
Payment for Lease Liability	(25,920,000)	(24,320,000)
Balance as at 31 st March	34,636,142	60,775,690

28.1 The lease liability and right of use assets were remeasured due to revisions in the future lease payments for one of the contracts.

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
28.2 Lease Liabilities included in the Statement of Financial Position		
Non-current	11,112,605	30,420,490
Current	23,523,537	30,355,200
	34,636,142	60,775,690

28.3 Amounts recognised in Profit or Loss

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
Interest on Lease Liabilities	9,636,305	11,169,113
Recognised in Finance Cost	9,636,305	11,169,113
Expenses Relating to Short-term and low-value Assets	20,113,866	35,850,000
Depreciation - Right-of-use Assets	9,393,514	12,827,791
Recognised in Administrative Expenses	29,507,380	48,677,791
Total Amount recognised in Profit or Loss	39,143,685	59,846,904

28.4 Amounts Recognised in Statement of Cash Flows

Payment for Lease Liabilities	25,920,000	24,320,000
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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28 LEASE LIABILITY (Contd.)

28.5 Maturity Analysis – Contractual Undiscounted Cash Flows

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
Less than one year	28,032,000	30,355,200
One to five years	13,600,000	46,510,720
Total Undiscounted Lease Liabilities	41,632,000	76,865,920

29 TRADE AND OTHER PAYABLES

As at 31 st March	2024 Rs.	2023 Rs.
Trade Payables	536,114,362	528,961,833
Accruals	106,105,672	47,509,173
Import Duties and Other Related Payable	149,708,547	24,360,451
Refundable Deposits	158,551,316	103,398,258
Unclaimed Dividend	1,729,068	2,744,602
Deferred Income (Note 29.1)	3,625,512	2,172,920
Unclaimed Wages	70,333	159,662
SSCL Payable	11,261,577	3,101,105
Other Liabilities	22,574,268	18,252,775
	989,740,655	730,660,779

29.1 Movement of Deferred Income

Balance at the beginning of the year	2,172,920	5,190,602
Charge / (Reversal) for the year	1,452,592	(3,017,682)
Balance at the end of the year	3,625,512	2,172,920

Deferred Income represent the Free Service Provision as per SLFRS 15 - "Revenue Recognition from Customer Contracts.

As at 31 st March	2024 Rs.	2023 Rs.
30 AMOUNTS DUE TO RELATED PARTY		
Payable to Ashok Leyland Limited - India (Note 34.1)	1,655,721,179	333,303,000
	1,655,721,179	333,303,000

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31 st March	2024 Rs.	2023 Rs.
31 CURRENT TAX LIABILITIES		
Balance at the beginning of the year	19,007,471	39,528,436
Income Tax Liability for the year (Note 11.2)	284,531,052	33,617,820
Over Under Provision of Current Tax in Respect of Previous years	-	126,000
Tax Paid during the year	(103,864,138)	(54,057,487)
WHT Recoverable	(2,748,740)	(207,298)
Balance at the end of the year	196,925,645	19,007,471
32 PROVISION FOR WARRANTY		
Balance at the beginning of the year	594,547	3,479,532
Provision / (Reversal) for the year	9,178,575	(2,884,985)
Balance at the end of the year	9,773,122	594,547

Provision for warranties relates mainly to vehicles sold during the last six months of 2023 and 2024. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

33 SHORT TERM BORROWINGS

33.1 Movement of Short Term Borrowings

For the Year Ended 31 st March 2024						
Lender	Purpose	Rate of Interest %	As at 01 st April 2023	Obtained During the Year	Repayments During the Year	As at 31 st March 2024
			Rs.	Rs.	Rs.	Rs.
Seylan Bank PLC	Import/ Financing	AWPLR	-	-	-	-
			-	-	-	-
For the Year Ended 31 st March 2023						
Lender	Purpose	Rate of Interest %	As at 01 st April 2022	Obtained During the Year	Repayments During the Year	As at 31 st March 2023
			Rs.	Rs.	Rs.	Rs.
Seylan Bank PLC	Import/ Financing	AWPLR	378,205,767	222,848,000	(601,053,767)	-
			378,205,767	222,848,000	(601,053,767)	-

33.2 Assets Pledged

Factory Land, Building, Machinery, Other Equipment and Stocks have been pledged against the Import Loans obtained from banks.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE

34.1 Related Party Transactions

The Company carries out transactions with parties who are defined as related parties by LKAS 24 “Related Party disclosures”, the details of which are reported below. The transactions were carried out in the ordinary course of the business and arms length in nature.

Name of Related Party & Relationship	Name of the Director	Position	Nature of Transaction	2024 Rs.	2023 Rs.	
a) Transactions with Lanka Leyland (PVT) Limited						
Lanka Leyland (Pvt) Limited Holds 41.77% of the Share Capital of the Company.	Mr. Leshan de Silva	Chairman of Lanka Leyland (Pvt) Limited	Dividend Payment to Lanka Leyland (Pvt) Limited	7,562,500	15,125,000	
	Mr. R D Balasubramaniam (Appointed w.e.f 11 th August 2023)	Director of Lanka Leyland (Pvt) Limited				
b) Transactions and Outstanding Balance with Ashok Leyland - India - Recurring Transactions - Trading Nature						
Ashok Leyland Limited -India Holds 27.85 % of share capital of the Company by virtue of the joint venture agreement with Lanka Leyland Limited	Mr. Gopal Mahadevan	Director and Chief Financial Officer of Ashok Leyland Limited - India	Payable to Ashok Leyland India			
			Opening Balance as at 01 st April (Including Import Bills Payable on GIT)	333,303,000	2,146,013,053	
			Purchase of Semi-Knock-Down (SKD) Chassis kits and Motor Vehicle	2,776,543,757	1,406,880,209	
	Mr. Amandeep Singh Arora	Head of International Operations of Ashok Leyland Limited - India	Purchase of Spare Parts / Power Generators	543,177,209	150,623,735	
			Usage Charges for ERP System	5,070,312	3,814,166	
			Set-off against Receivable Balance	(5,297,872)	(3,090,517)	
			Settlement of Purchases	(1,997,075,227)	(3,370,937,646)	
			Closing Balance as at 31 st March (Including Import Bills Payable on GIT)	1,655,721,179	333,303,000	
	Receivable from Ashok Leyland India					
			Opening Balance as at 01 st April	313,098,297	24,550,467	
		Local agency commission (LAC) on Direct Supply of Vehicles	4,439,008	291,638,347		
		Payment Received	(99,982,427)	-		
		Set-off against Payable Balance	(5,297,872)	(3,090,517)		
		Closing Balance as at 31 st March	212,257,006	313,098,297		
		Dividend Payment to Ashok Leyland Limited - India	5,041,660	10,083,320		
Aggregate Value of Related Party Transactions During the Year				3,334,271,946	1,863,039,777	
Aggregate Value of Related Party Transactions as a % of Net Revenue				95.60%	27.15%	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE (Contd.)

34.1 Related Party Transactions (Contd.)

c) Transactions and Outstanding balances with Government of Sri Lanka and its related entities

Since the Government of Sri Lanka holds the ownership of Lanka Leyland Limited, the Government of Sri Lanka and all the entities controlled or significantly influenced by the Government of Sri Lanka are considered as related parties according to LKAS 24, Related Party Disclosures.

The Company enters into transactions, arrangements and agreements with the Government of Sri Lanka and its related entities and summary of significant transactions are reported below;

Name of Related Party	Nature of Transaction	Description	2024 Rs.	2023 Rs.
i) Non-Recurring Transaction - Trading Nature				
Sri Lanka Transport Board	Supply of Vehicles on Finance Lease Terms	Balance as at 01 st April	1,221,469,406	2,009,366,240
		Payment Received during the year	(789,746,834)	(787,896,834)
		Balance Receivable as at 31 st March	431,722,572	1,221,469,406
		Total Future Rentals Receivable as at 31st March	431,722,572	1,221,469,406
ii) Recurring Transaction - Trading Nature				
Sri Lanka Transport Board	Sale of Vehicles / Spare Parts and Repair / Hiring services provided under Payment on Delivery Term	Balance as at 01 st April	71,843,620	21,069,023
		Sale of Vehicles, Spares Parts and Gen Sets and Services Rendered during the year	334,749,106	81,253,401
		Hiring and Other Services Rendered during the year	568,804,200	224,644,743
		Payment Received during the year	(756,200,958)	(255,123,547)
		Balance Receivable as at 31 st March	219,195,968	71,843,620
Aggregate Value of Related Party Transactions during the Year	- Sri Lanka Transport Board		903,553,306	305,898,144
Aggregate Value of Related Party Transactions as a % of Net Revenue	- Sri Lanka Transport Board		25.91%	4.46%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE (Contd.)

34.1 Related Party Transactions (Contd.)

Name of Related Party	Nature of Transaction	Description	2024 Rs.	2023 Rs.
Other Government Related Entities	Sale of Vehicles / Spare Parts and Repair services provided under Payment on Delivery Term	Balance as at 01 st April	85,987,120	42,395,143
		Sale of Vehicles, Spares Parts and Gen Sets and Services Rendered during the year	271,772,318	282,118,480
		Payment Received	(279,648,848)	(238,526,503)
		Balance Receivable as at 31 st March	78,110,590	85,987,120
Bank of Ceylon	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	4,000,000	16,020,000
		Finance Provided during the year	239,730,000	116,923,000
		Payment Received for the Sale of Vehicles	(235,730,000)	(128,943,000)
		Balance Receivable as at 31 st March	8,000,000	4,000,000
People's Leasing & Finance PLC	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	-	-
		Finance Provided during the year	69,250,000	12,100,000
		Other Services rendered	-	2,563,902
		Payment Received for the Sale of Vehicles	(69,250,000)	(14,663,902)
		Balance Receivable as at 31 st March	-	-
Aggregate Value of Related Party Transactions During the Year		- Bank of Ceylon	239,730,000	116,923,000
		- People's Leasing & Finance PLC	69,250,000	12,100,000
Aggregate Value of Related Party Transactions as a % of Net Revenue		- Bank of Ceylon	6.87%	1.70%
		- People's Leasing & Finance PLC	1.99%	0.18%
Other Government Financial Institutions	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	-	-
		Finance Provided during the year	7,700,000	3,700,000
		Payment Received for the Sale of Vehicles	(7,700,000)	(3,700,000)
		Balance Receivable as at 31 st March	-	-
Total Receivable from Government Financial Institutions			8,000,000	4,000,000
Total Related Party Receivable as at 31st March			305,306,558	161,830,740

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE (Contd.)

34.1 Related Party Transactions (Contd.)

Name of Related Party	Nature of Transaction	Description	2024 Rs.	2023 Rs.
Sri Lanka Transport Board	Dividend Payment to Sri Lanka Transport Board	Payment during the year	156,250	312,500
Custom of Sri Lanka	Import Duty and Taxes	Balance as at 01 st April	21,920,000	3,720,000
		Taxes and Duty Charge for the Year	505,547,560	178,070,492
		Payment Made	(409,630,760)	(159,870,492)
		Balance Receivable as at 31 st March	117,836,800	21,920,000
Aggregate Value of Related Party Transactions During the Year		- Custom of Sri Lanka	505,547,560	178,070,492
Aggregate Value of Related Party Transactions as a % of Net Revenue		- Custom of Sri Lanka	14.50%	2.60%
Other Government Institutions	Statutory Payments and Utility Payments made to Government Institutions	Balance as at 01 st April	(13,896,674)	(6,158,954)
		Taxes, Other Statutory Expenses and Utility Expenses	680,719,591	193,145,352
		Payment Made	(370,005,888)	(200,883,072)
		Balance Payable / (Receivable) as at 31 st March	296,817,029	(13,896,674)

d) Movement for Impairment Provision Recognized on Related Parties

For the Year Ended 31 st March 2024	Balance as at 01 st April 2023 Rs.	Impairment Reversal Rs.	Balance as at 31 st March 2024 Rs.
Sri Lanka Transport Board	272,919,014	(28,200,689)	244,718,325
Other Government Related Entities - Trade Receivables	37,001,294	(21,699,378)	15,301,916
	309,920,308	(49,900,067)	260,020,241

For the Year Ended 31 st March 2023	Balance as at 01 st April 2022 Rs.	Impairment Charge Rs.	Balance as at 31 st March 2023 Rs.
Sri Lanka Transport Board	252,607,948	20,311,066	272,919,014
Other Government Related Entities - Trade Receivables	10,969,490	26,031,804	37,001,294
	263,577,438	46,342,870	309,920,308

Above impairment amounts recorded under impairment of Rental Receivable from Trade Debtors and Impairment of Trade Receivables in Note 19.3 and 22.2 respectively.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE (Contd.)

34.1 Related Party Transactions (Contd.)

As At 31 st March	2024 Rs.	2023 Rs.
e) Open Advances - by Government of Sri Lanka and its Related Entities		
Sri Lanka Transport Board	16,998,943	54,127
Other Government related entities	9,514,293	8,606,967
	26,513,236	8,661,094
f) Open Advances - with Government of Sri Lanka and its Related Entities		
Ceylon Electricity Board	637,500	637,500
Ceylon Shipping Corporation Limited	-	41,200,282
	637,500	41,837,782

34.2 Terms and conditions of Related Party Transactions

The terms and conditions of the transactions with related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non related entities on an arm's length basis. The supplies on lease terms are no more favorable than those available for ordinary finance lease transactions.

34.3 Non Recurrent Related Party Transactions

There were no non- recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9.14 of the Continuing Listing Requirements of the Colombo Stock Exchange.

34.4 Recurrent Related Party Transactions

There were instances where aggregated recurrent related party transactions exceeded the threshold which required the disclosure in Financial Statements as per Section 9.14 of the Listing Requirements of the Colombo Stock Exchange. Accordingly, the required disclosure is given in note 34 to the Financial Statements.

There were no other recurrent related party transactions which exceeded the threshold stipulated in section 9.14 of the listing requirements, other than individual transaction disclosed in the note 34.1 to the Financial Statements.

34.5 Compensation of Key Management Personnel

According to LKAS 24 "Related Party Disclosures", Key Management Personnel, are those planning, directing and controlling the activities of the entity.

Key Management Personnel include members of the Board of Directors and the Chief Executive Officer of the Company, total amounts paid as salaries and reimbursement of expenses amounts to Rs. 35,872,703/- (2022/23 - Rs. 33,264,216/-).

There were no compensation paid to Key Management Personnel during the year other than those disclosed below.

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
Key Management Personnel Payments		
a. Short Term Employee Benefits	34,344,848	31,881,825
b. Post-Employment Benefits	1,527,855	1,382,391
c. Termination Benefits	-	-
d. Share-Based Payments	-	-
	35,872,703	33,264,216

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34 RELATED PARTY DISCLOSURE (Contd.)

34.6 Transactions, Arrangements and Agreements Involving KMP and Their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependents of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

34.7 Loans to Directors

No loans have been given to the Directors of the Company.

34.8 Terms and Conditions of the Transactions with KMPs

The terms and conditions of the transactions with Key Management Personnel and their related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non Key Management Personnel related entities.

35 CAPITAL COMMITMENTS

There were no material capital expenditure approved by the Board of Directors as at 31st March 2024 other than following;

The Company has entered into construction and asset procurement contracts with unrelated parties, amounting to Rs. 66,532,952, for concrete laying in the parking shed of factory premises and assets procurement for Body Building Operation. As at 31st March 2024, Rs. 20,752,182 of such contract commitments had not yet been incurred, the parking shed area is still under construction and referred assets are yet to be received from the supplier.

36 CONTINGENT LIABILITIES

There were no material Contingent Liabilities, which require adjustments to or disclosures in the Financial Statements as at 31st March 2024.

37 LITIGATIONS AND CLAIMS

Based on the available information, the Management is of the view that there are no material litigation or claims that could have material impact on the financial position on the Company. Accordingly, no provision has been made for legal claims in the Financial Statements.

38 EVENTS AFTER REPORTING PERIOD

There were no other material events occurring after the reporting period that requires adjustments to or disclosure in the Financial Statements other than disclosed below;

After satisfying the Solvency Test in accordance with Section 57 of the Companies Act, No. 07 of 2007, the Directors recommend the payment of first and final dividend of Rs. 15/- per share (150%) amounting to Rs. 54,312,645/- for the year ended 31st March 2024 (2022/23- Rs. 5/- per share (50%) amounting to Rs. 18,104,215/-), which will be declared at the Annual General Meeting to be held on 24th September 2024.

In accordance with Sri Lanka Accounting Standard 10 (LKAS 10) "Events after the reporting period" this proposed first and final dividend has not been recognized as a liability as at 31st March 2024. Subsequent to the reporting period, no circumstance has arisen which would require adjustments to or disclosure in the Financial Statements, other than the above.

39 ULTIMATE HOLDING COMPANY

The Company is a quoted public limited liability Company with 41.77% of the Share Capital held by Lanka Leyland (Pvt) Limited and 27.85% of the Share Capital held by Ashok Leyland Limited - India.

40 SEGMENTAL REPORTING

There are no distinguishable components of the business defined as segments and all operations are treated as one segment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

41 NUMBER OF EMPLOYEES

The number of employees as of year end was as follows;

As At 31 st March	2024	2023
Executives	81	71
Non Executives	141	159
	222	230

42 FINANCIAL INSTRUMENTS - FAIR VALUES

42.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of Financial assets and Financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for Financial assets and Financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 st March 2024	Carrying Amount							Fair Value			
	Fair Value				Financial Assets at Amortised Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Hedging Instruments	FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value											
Investment in Equity Securities	-	131,904	-	-	-	-	131,904	131,904	-	-	131,904
	-	131,904	-	-	-	-	131,904	131,904	-	-	131,904
Financial Assets not Measured at Fair Value											
Rental Receivable from Trade Debtors	-	-	-	-	415,867,412	-	415,867,412	-	-	-	-
Trade Receivable	-	-	-	-	586,997,809	-	586,997,809	-	-	-	-
Cash & Cash Equivalents	-	-	-	-	1,441,114,057	-	1,441,114,057	-	-	-	-
	-	-	-	-	2,443,979,278	-	2,443,979,278	-	-	-	-
Financial Liabilities Not Measured at Fair Value											
Trade Payable	-	-	-	-	-	536,114,362	536,114,362	-	-	-	-
Amounts due to Related Parties	-	-	-	-	-	1,655,721,179	1,655,721,179	-	-	-	-
Lease Liabilities	-	-	-	-	-	34,636,142	34,636,142	-	-	-	-
Bank Overdrafts	-	-	-	-	-	51,039,458	51,039,458	-	-	-	-
	-	-	-	-	-	2,277,511,141	2,277,511,141	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

42 FINANCIAL INSTRUMENTS - FAIR VALUES (Contd.)

42.1 Accounting Classifications and Fair Values (Contd.)

As at 31 st March 2023	Carrying Amount							Fair Value			
	Hedging Instruments	Fair Value			Financial Assets at Amortised Cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
		FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments							
		Rs.	Rs.	Rs.							
Financial Assets not Measured at Fair Value											
Investment in Equity Securities	-	119,762	-	-	-	-	119,762	119,762	-	-	119,762
	-	119,762	-	-	-	-	119,762	119,762	-	-	119,762
Financial Assets not measured at Fair Value											
Investment in Debentures	-	-	-	-	11,423,218	-	11,423,218	-	-	-	-
Rental Receivable from Trade Debtors	-	-	-	-	838,811,946	-	838,811,946	-	-	-	-
Trade Receivable	-	-	-	-	419,540,250	-	419,540,250	-	-	-	-
Cash & Cash Equivalents	-	-	-	-	27,050,059	-	27,050,059	-	-	-	-
	-	-	-	-	1,296,825,473	-	1,296,825,473	-	-	-	-
Financial Liabilities Not Measured at Fair Value											
Trade Payable	-	-	-	-	-	528,961,833	528,961,833	-	-	-	-
Amounts due to Related Parties	-	-	-	-	-	333,303,000	333,303,000	-	-	-	-
Lease Liabilities	-	-	-	-	-	60,775,690	60,775,690	-	-	-	-
Bank Overdrafts	-	-	-	-	-	52,972,448	52,972,448	-	-	-	-
	-	-	-	-	-	976,012,971	976,012,971	-	-	-	-

Transfer between levels

There were no transfers between Level 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks arising from financial instruments;

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes of measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Exposure to Credit Risk

The net carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows;

As At 31 st March	2024 Rs.	2023 Rs.
Trade Receivables	586,997,809	419,540,250
Other Receivables	35,339,327	98,317,074
Rental Receivable from Trade Debtors	415,867,412	838,811,946
Cash at Banks and Short Term Investments in Banks	1,439,680,092	25,295,805
Total	2,477,884,640	1,381,965,075

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. However, management also considers the demographics of the Company's customer base, including the default risk of the industry as these factors may have an influence on credit risk. During 2023/24, approximately 6.1% (2022/23 : 2.2%) of the Company's revenue was attributable to sales transactions with the largest single customer.

The Company establishes an allowance for impairment that represents its estimate of impaired losses in respect of trade receivables. The main components of this allowance are determined based on historical data of payment statistics of similar financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

The maturity analysis of Rental Receivable from Trade Debtors is given in Note 19.5 and 19.6. The aging of trade receivables net of impairment as at 31st March was as follows;

As at 31 st March 2024	0 - 60 Days Rs.	61 - 90 Days Rs.	91 - 120 Days Rs.	121 - 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade Receivables (Gross)	596,172,102	144,131,340	13,702,234	7,337,399	25,932,440	787,275,515
Impairment	(42,037,886)	(122,070,432)	(5,293,041)	(5,153,269)	(25,723,078)	(200,277,706)
Trade Receivables (Net)	554,134,216	22,060,908	8,409,193	2,184,130	209,362	586,997,809

As at 31 st March 2023	0 - 60 Days Rs.	61 - 90 Days Rs.	91 - 120 Days Rs.	121 - 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade Receivables (Gross)	412,551,405	27,895,174	29,233,847	6,288,263	36,711,794	512,680,483
Impairment	(25,301,255)	(15,633,523)	(11,915,685)	(4,160,320)	(36,129,450)	(93,140,233)
Trade Receivables (Net)	387,250,150	12,261,651	17,318,162	2,127,943	582,344	419,540,250

The maximum exposure to credit risk for rental receivable from trade debtors by type of counterparty is given in Note 19.4. The maximum exposure to credit risk for trade receivable by type of counterparty was as follows;

As At 31 st March	Carrying Amount	
	2024 Rs.	2023 Rs.
Government Entities	132,531,112	84,346,822
Corporates and Other Institutions	442,608,335	330,465,748
End-user Customers	11,858,362	4,727,680
	586,997,809	419,540,250

The movement in the allowance for impairment in respect of trade and lease rental receivables during the year was as follows;

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance as at 01 st April 2023	290,846,024	52,686,823	343,532,847
Provision Charge / (Reversal) for the year	(31,905,930)	3,832,077	(28,073,853)
Write-off during the year	-	(11,856,992)	(11,856,992)
Balance as at 31st March 2024	258,940,094	44,661,908	303,602,002

As at 31 st March 2023	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance as at 01 st April 2022	267,675,890	24,564,434	292,240,324
Provision Charge for the year	23,170,134	28,122,389	51,292,523
Balance as at 31st March 2023	290,846,024	52,686,823	343,532,847

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

Cash at Banks

The Company held cash at banks of Rs. 1.44 Bn. as at 31st March 2024 (2022/23: Rs. 25.29 Mn.), which represents its maximum credit exposure on these assets.

Respective credit ratings of banks with Company cash balances held are as follows;

As At 31 st March Bank	Credit Rate	Cash at Bank	
		2024 Rs.	2023 Rs.
Bank of Ceylon	CC (lka)	2,300,000	2,300,000
Cargills Bank	A (lka)	261,006,883	2,766,297
Commercial Bank of Ceylon PLC	A (lka)	1,138,963,940	19,458,081
Indian Bank	BB+	476,122	477,000
People's Bank	A (lka)	688,247	-
Sampath Bank	A (lka)	24,780,961	226,761
Seylan Bank PLC	A- (lka)	11,450,467	25,000
State Bank of India	BBB -	13,473	42,667
		1,439,680,093	25,295,806

Liquidity Risk

Liquidity risk is the risk of facing difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or affecting the Company's reputation.

The Company also monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains Rs. 151.9 Mn overdraft facility that is secured. Interest would be payable at the market rate.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

The following are the contractual maturities of financial liabilities at its Carrying Value;

As at 31 st March 2024	Carrying Amount Rs.	Contractual Cash Flows			
		Total Rs.	0 - 30 Days Rs.	31 - 90 Days Rs.	More than 90 Days Rs.
Trade Payables	536,114,362	536,114,362	78,753,475	457,360,887	-
Amounts due to Related Party	1,655,721,179	1,655,721,179	255,597,189	674,171,556	725,952,434
Lease Liability	34,636,142	41,632,000	1,200,000	24,432,000	16,000,000
Bank Overdrafts	51,039,458	51,039,458	51,039,458	-	-
Total	2,277,511,141	2,284,506,999	386,590,122	1,155,964,443	741,952,434

As at 31 st March 2023	Carrying Amount Rs.	Contractual Cash Flows			
		Total Rs.	0 - 30 Days Rs.	31 - 90 Days Rs.	More than 90 Days Rs.
Trade Payables	528,961,833	528,961,833	50,407,783	478,554,050	-
Amounts due to Related Party	333,303,000	333,303,000	333,303,000	-	-
Lease Liability	60,775,690	76,865,920	1,200,000	26,755,200	48,910,720
Bank Overdrafts	52,972,448	52,972,448	52,972,448	-	-
Total	976,012,971	992,103,201	437,883,231	505,309,250	48,910,720

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its financial instruments. The management conduct periodic reviews on the Company's pricing & pricing policy in order to mitigate the market risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Company is exposed to currency risk mainly on payable for purchases that are denominated in US Dollars. The Management closely monitors the exchange rate movement, for necessary action.

The Financial Instruments denominated in US Dollars as on 31st March are;

As at 31 st March	2024			2023		
	LKR	Exchange Rate	USD	LKR	Exchange Rate	USD
Payable to Ashok Leyland Limited - India	1,655,721,179	305.33	5,422,727	333,303,000	336.01	991,944
	1,655,721,179		5,422,727	333,303,000		991,944

The Company carefully monitored the implications and took preventive measures to early settle the liabilities when ever possible.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

Sensitivity Analysis

The following details the Company's sensitivity movement in the foreign currencies. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Profit before Tax	
	Strengthening	Weakening
2023-24		
LKR (5% movement)	82,786,059	(82,786,059)
2022-23		
LKR (5% movement)	16,665,150	(1,665,150)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short term debt obligations with floating rates. The Company manages its interest rate risk by monitoring interest rate fluctuations to enable necessary back-up plans to be ready in advance to mitigate the risk and by ensuring that the import loans are settled within a shortest possible period by improving the working capital cycle and negotiating best possible rates with the Banks.

Exposure to Interest Rate Risk

The interest rate profile of the Company's interest-bearing financial instruments is given in Note 24.4 and 33.1 to the Financial Statements.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Board of Directors of the Company monitors the return on capital, as well as the level of dividends to ordinary shareholders.

Company's debt to equity ratio at 31st March was as follows;

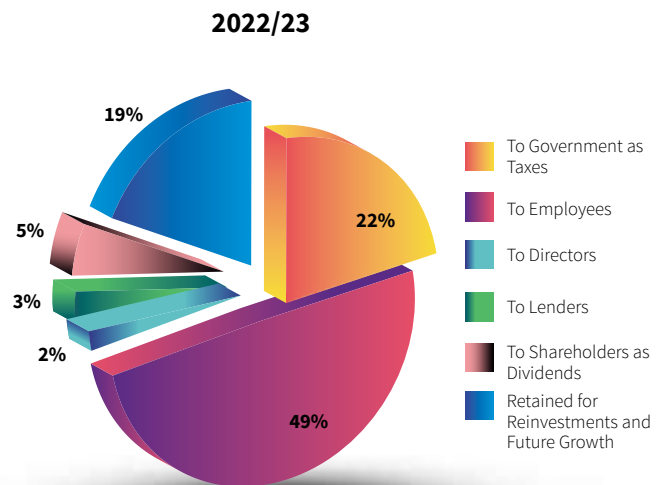
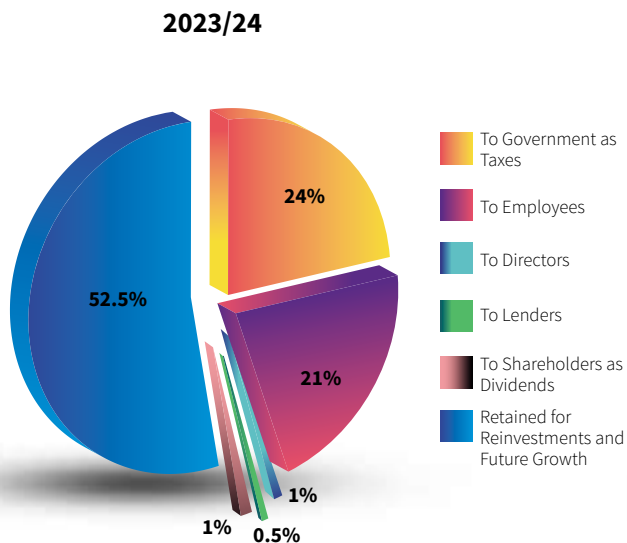
As At 31 st March	2024 Rs.	2023 Rs.
Interest Bearing Borrowings	51,039,458	52,972,448
Total Equity	4,589,396,879	3,814,335,267
Equity and Debts	4,640,436,337	3,867,307,715
Gearing Ratio	1%	1%

VALUE ADDED STATEMENT

For the Year Ended 31 st March	2024 Rs.	2023 Rs.
Revenue	5,404,387,774	3,487,704,617
Operating Expenses	(3,572,452,792)	(3,102,525,428)
	1,831,934,982	385,179,189
Other Operating Income	194,551,854	282,667,376
Finance Income	69,249,911	72,367,900
Total Value Added by the Company	2,095,736,747	740,214,465

Distributed as Follows

For the Year Ended 31 st March	2024		2023	
	Rs.	As a %	Rs.	As a %
To Government as Duties and Taxes	507,025,610	24%	161,189,308	22%
To Employees	441,750,878	21%	365,650,617	49%
To Directors	16,445,000	1%	16,275,000	2%
To Lenders (Interest on Loan Capital)	10,365,364	0.5%	25,226,657	3%
To Shareholders as Dividends	18,104,215	1%	36,208,430	5%
Retained for Reinvestments and Future Growth (Depreciation & Retained Profits)	1,102,045,680	52.5%	135,664,453	19%
	2,095,736,747	100%	740,214,465	100%



SHARE INFORMATION

There were 762 registered shareholders as at 31st March 2024 distributed as follows;

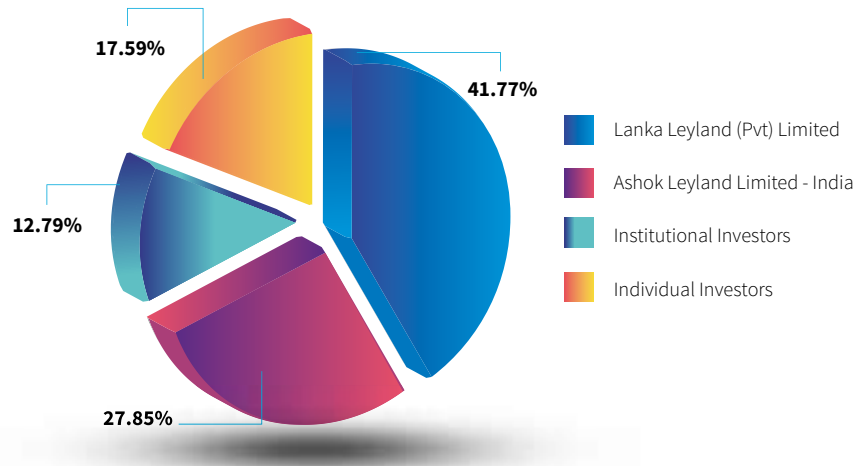
CATEGORY	NO. OF SHAREHOLDERS		NO. OF SHARES		SHAREHOLDING %	
	31 st March 2024	31 st March 2023	31 st March 2024	31 st March 2023	31 st March 2024	31 st March 2023
1 - 1,000	743	708	43,556	42,131	1.20	1.16
1,001 - 5,000	13	14	27,609	29,034	0.76	0.80
5,001 - 10,000	-	-	-	-	-	-
10,001 - 50,000	1	1	31,250	31,250	0.86	0.86
50,001 - 100,000	-	-	-	-	-	-
100,001 - 500,000	2	2	429,291	429,291	11.86	11.86
500,001 - 1,000,000	1	1	568,305	568,305	15.70	15.70
OVER 1,000,000	2	2	2,520,832	2,520,832	69.62	69.62
TOTAL	762	728	3,620,843	3,620,843	100.00	100.00

List of 20 Major Shareholders

MAJOR SHAREHOLDERS	NO. OF SHARES HELD		SHARE HOLDING %	
	31 st March 2024	31 st March 2023	31 st March 2024	31 st March 2023
Lanka Leyland (Pvt) Limited	1,512,500	1,512,500	41.77	41.77
Ashok Leyland Limited	1,008,332	1,008,332	27.85	27.85
N Thirimanne	568,305	568,305	15.70	15.70
Perpetual Equities (Pvt) Limited	228,356	228,356	6.31	6.31
Rahul Capital (Pvt) Limited	200,935	200,935	5.55	5.55
Sri Lanka Central Transport Board	31,250	31,250	0.86	0.86
D B D D Danthanarayana	5,000	4,550	0.14	0.13
U I Suriyabandara	4,900	4,695	0.14	0.13
R P T Adams	2,700	2,700	0.07	0.07
L N J Perera	2,600	2,600	0.07	0.07
Bansei Securities Capital (Pvt) Limited / M A U Gnanathilaka	2,230	2,230	0.06	0.06
Assetline Leasing Co. Ltd / S M Dharmakeerthi Samarkoon	1,700	1,957	0.05	0.05
F M Asaf Khan	1,514	1,514	0.04	0.04
R V D Piyathilake / R V D C G Rajapakse	1,327	2,070	0.04	0.06
B Periyasamy	1,250	1,250	0.03	0.03
L A P Perera	1,200	1,200	0.03	0.03
P L Perera	1,100	1,100	0.03	0.03
N R Fonseka	1,068	1,068	0.03	0.03
N Eeswararajah / S Sivarasa	1,020	1,100	0.03	0.030
R R Jayasundara	800	800	0.02	0.02
R A Y T Perera	-	1,000	-	0.03

SHARE INFORMATION (Contd.)

Overview of Lanka Ashok Leyland PLC Shareholder Structure by Ownership



Public Holding

Public Holding	No. of Shareholders	No. of Shares	% Holding	Float Adjusted Market Capitalization
Shares held by public as at 31 st Marh 2024	760	1,100,011	30.38%	759,283,354
Shares held by public as at 31 st Marh 2023	726	1,100,011	30.38%	866,809,537

The highest, lowest and year end market value recorded during the year as follows;

	Year Ended 31 st March 2024		Year Ended 31 st March 2023	
	Rs.	Date	Rs.	Date
Highest	820.00	7-Mar-24	815.00	26-May-22
Lowest	576.00	22-May-23	566.00	5-Jul-22
Last Traded	690.00	28-Mar-24	755.00	31-Mar-23
Year End	690.25	31-Mar-24	788.00	31-Mar-23

Float Adjusted Market Capitalisation

The public holding of the Company as at 31st March 2024 was 30.38% comprising of 760 shareholders and the float adjusted market capitalization in terms of Rule 7.13.1 (i) (a) of Listing Rule of CSE was Rs. 759,283,354/-, accordingly the Company qualifies under option five of the minimum public holding requirement.

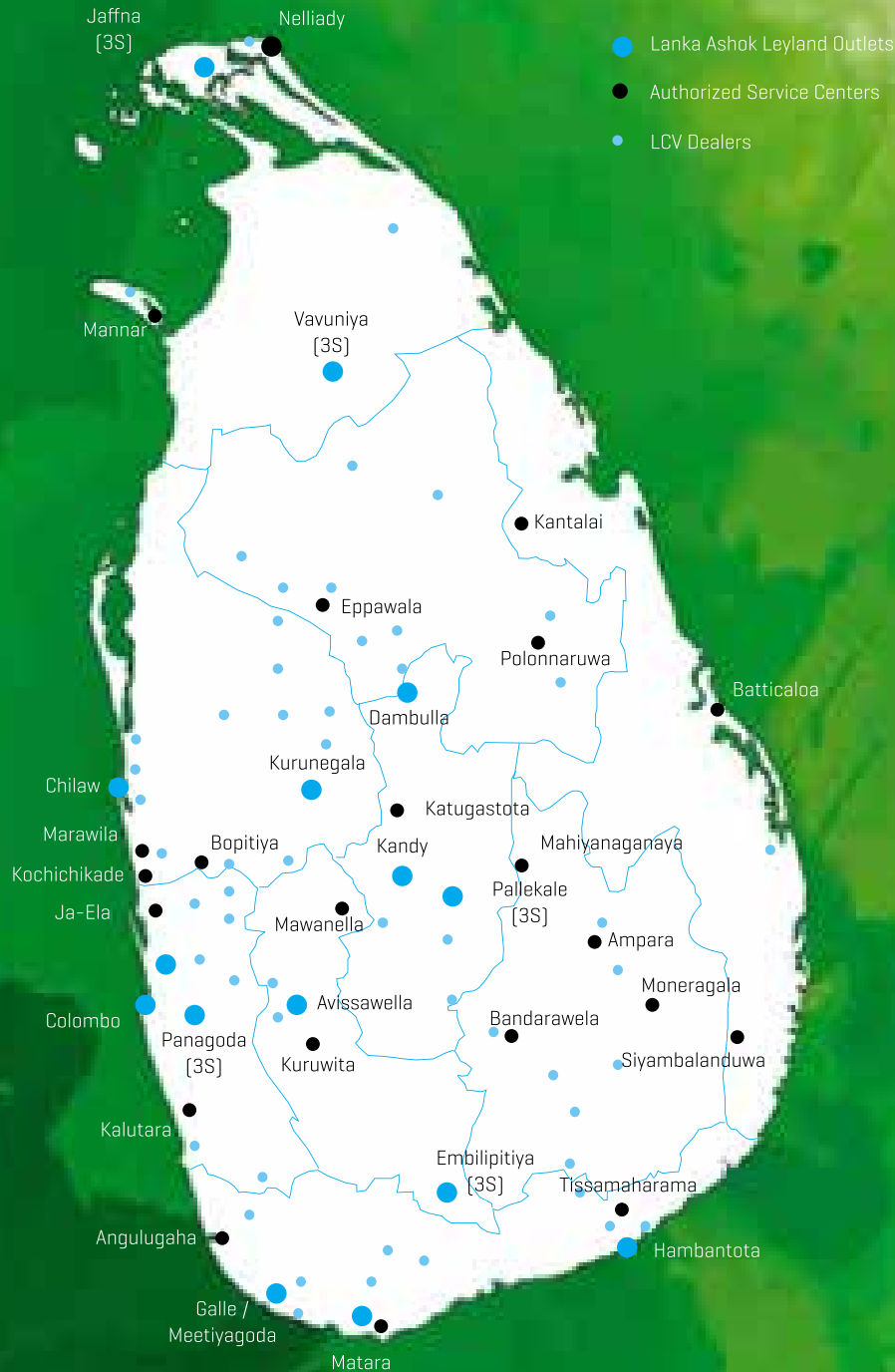
DECADE AT A GLANCE

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TRADING RESULTS											
Turnover	Rs 000'	8,235,660	9,088,008	11,416,595	15,565,077	8,627,775	6,718,237	2,973,106	6,860,963	3,487,705	5,404,388
Net Trading Profit /(Loss) Before Interest	Rs 000'	546,130	366,041	445,420	821,267	295,316	(5,641)	(238,735)	105,205	(176,612)	1,068,966
Interest Paid	Rs 000'	(87,032)	(81,505)	(124,437)	(164,289)	(229,819)	(267,372)	(177,596)	(24,029)	(25,232)	(10,365)
Net Trading Profit /(Loss) After Interest	Rs 000'	459,098	269,914	320,982	656,978	65,496	(273,012)	(416,331)	81,176	(201,844)	1,058,601
Other Income	Rs 000'	74,324	29,459	28,380	26,324	51,432	293,632	435,407	367,472	282,667	194,552
Profit Before Tax	Rs 000'	533,422	313,995	349,362	683,302	116,929	20,620	19,076	448,648	80,823	1,253,152
Taxation	Rs 000'	(203,447)	(104,457)	(111,156)	(179,185)	(9,468)	82,793	(14,570)	(105,673)	68,171	(395,366)
Profit After Tax	Rs 000'	329,975	209,538	238,207	504,117	107,461	103,413	4,505	342,975	148,994	857,787
Other Comprehensive Income	Rs 000'	(4,438)	5,180	(1,547)	(5,214)	7,259	4,113	810	3,256	4,010	(65,682)
Profit Brought Forward	Rs 000'	1,487,489	1,794,922	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613
Effect of Transitional Provision	Rs 000'	-	-	-	-	(12,913)	(19,325)	-	-	-	-
Retained Earnings											
Profit Available for Appropriations	Rs 000'	1,813,026	2,009,640	2,101,848	2,510,291	2,503,636	2,465,107	2,436,678	2,765,852	2,912,927	3,669,718
Dividend Paid	Rs 000'	(18,104)	(144,834)	(90,521)	(108,625)	(126,730)	(36,208)	(18,104)	(7,242)	(36,208)	(18,104)
Unclaimed Dividend Reversed	Rs 000'	-	383	61	163	-	2,464	1,046	1,312	895	1,061
Retained Earnings	Rs 000'	1,794,922	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613	3,652,674
INVESTORS' FUNDS											
Share Capital	Rs 000'	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208
Retained Earnings	Rs 000'	1,794,922	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613	3,652,674
Reserves	Rs 000'	900,664	900,643	900,646	900,622	900,514	900,514	900,514	900,514	900,514	900,514
Shareholders Fund	Rs 000'	2,731,794	2,802,040	2,948,242	3,338,660	3,313,629	3,368,085	3,356,342	3,696,644	3,814,335	4,589,397
ASSETS & LIABILITIES											
Property, Plant & Equipment	Rs 000'	340,686	554,459	549,022	524,690	548,285	566,792	508,332	647,642	697,391	1,051,333
Other Non Current Assets	Rs 000'	62,708	65,926	26,404	39,288	54,619	1,929,759	1,558,874	1,135,915	676,873	290,414
Current Assets	Rs 000'	5,363,668	4,762,133	5,118,300	6,563,827	5,406,205	5,070,161	5,165,568	5,859,273	3,747,304	6,243,210
Short - Term Borrowings	Rs 000'	(2,214,994)	(1,948,189)	(940,192)	(2,320,488)	(1,523,125)	(3,360,661)	(863,724)	(378,206)	-	-
Other Current Liabilities	Rs 000'	(762,671)	(550,465)	(1,711,833)	(1,385,101)	(1,087,856)	(671,307)	(2,853,333)	(3,426,302)	(1,166,893)	(2,926,724)
Working Capital	Rs 000'	2,386,003	2,263,479	2,466,275	2,858,238	2,795,224	1,038,193	1,448,511	2,054,765	2,580,410	3,316,487
Non Current Liabilities	Rs 000'	(57,604)	(81,824)	(93,460)	(83,557)	(84,498)	(166,659)	(159,374)	(141,678)	(140,339)	(68,836)
Net worth of Company	Rs 000'	2,731,794	2,802,040	2,948,242	3,338,660	3,313,629	3,368,086	3,356,343	3,696,645	3,814,335	4,589,397

DECADE AT A GLANCE (Contd.)

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CASH FLOW ANALYSIS											
Investments in Property, Plant and Equipment	Rs 000'	34,540	57,654	77,003	29,766	51,553	15,948	24,782	179,570	98,970	80,395
Depreciation and Amortization	Rs 000'	80,855	86,989	125,582	121,295	115,993	134,200	136,404	114,063	124,788	151,541
Net Cash Generated from / (used in)											
Operating Activities	Rs 000'	(54,445)	500,605	326,513	(1,205,776)	852,480	(2,023,320)	2,146,543	2,363,943	(1,804,891)	1,329,414
Investing Activities	Rs 000'	(28,496)	(57,482)	(69,464)	(13,913)	(27,653)	234,806	403,660	181,277	219,804	128,202
Financing Activities	Rs 000'	83,511	(411,639)	(276,277)	1,271,671	(924,092)	1,772,704	(2,538,672)	(511,933)	(437,466)	(41,619)
Net Increase / (Decrease) in											
Cash and Cash Equivalents	Rs 000'	570	31,485	(19,227)	51,982	(99,265)	(15,810)	11,531	2,033,288	(2,022,554)	1,415,997
RATIOS & STATISTICS											
Issued Share Capital	Nos.	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843
Net Assets per Share	Rs.	754.46	773.86	814.24	922.07	915.15	930.19	926.95	1,020.93	1,053.44	1,267.49
Dividend per Share	Rs.	40.00	25.00	30.00	35.00	10.00	5.00	2.00	10.00	5.00	15.00
Market Price per Share	Rs.	1,300.00	1,513.40	1,062.00	990.50	628.00	702.00	839.25	710.00	788.00	690.25
Market Capitalisation	Rs 000'	4,707,096	5,479,784	3,845,335	3,586,445	2,273,889	2,541,832	3,038,792	2,570,799	2,853,224	2,499,287
Earnings per Share	Rs.	91.13	57.87	65.79	139.23	29.68	28.56	1.24	94.72	41.15	236.90
Dividend Payout	%	43.89	43.20	45.60	25.14	33.69	17.51	160.74	10.56	12.15	6.33
Price Earning Ratio	No of Times	14.27	26.15	16.14	7.11	21.16	24.58	674.49	7.50	19.15	2.91
Current Ratio	No of Times	1.80	1.91	1.93	1.77	2.07	1.26	1.39	1.54	3.21	2.13
Quick Ratio	No of Times	0.66	0.37	0.44	0.25	0.24	0.21	0.21	0.76	0.96	0.85
Interest Cover	No of Times	7.13	4.85	3.81	5.16	1.51	1.08	1.11	19.67	4.20	121.90
Trading Profit Before Int. / Net Turnover.%		6.63	4.03	3.90	5.28	3.42	(0.08)	(8.03)	1.53	(5.06)	19.78
Trading Profit After Int. / Net Turnover. %		5.57	2.97	2.81	4.22	0.76	(4.06)	(14.00)	1.18	(5.79)	19.59
Return on Equity	%	12.08	7.48	8.08	15.10	3.24	3.07	0.13	9.28	3.91	18.69
Asset Turnover	No of Times	1.43	1.69	2.01	2.18	1.44	0.89	0.41	0.90	0.68	0.71
Gearing (Debt Capital/Debt+Equity Capital) %		0.45	0.41	0.25	0.41	0.32	0.51	0.22	0.11	0.01	0.01

DISTRIBUTION NETWORK



3S - Services, Sales [Vehicle] & Spare parts

GLOSSARY

Actuarial Gains and Losses

Difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortisation is calculated by adjusting profit from continuing operations to exclude the impact of Taxation, Net Finance Costs, Depreciation, Amortisation, Impairment Losses / Reversals related Intangible Assets, Property, Plant and Equipment.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Borrowings

All interest bearing liabilities.

Capital Employed

Total equity, minority interest and interest bearing Borrowings.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Contingent Liability

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Current Ratio

Current assets divided by current liabilities, a measure of liquidity.

Current Service Cost

Increase in the present value of the defined benefit obligation resulting from employee's service in the current period.

Debenture

A long-term debt instrument issued by a corporate.

Deferred Taxation

The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout

Dividend per share as a percentage of the earnings per share.

Dividend Yield

Dividend per share as a percentage of the market price a measure of return on investment.

EBIT

Abbreviation for Earnings Before Interest and Tax.

Effective Tax Rate

Income tax expense divided by profit from ordinary activities before tax.

Equity

Shareholders' funds.

Equity Accounted Investees

An entity including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Expected Credit Losses (ECLs)

ECL approach is the trade debtor impairment method under SLFRS 09 on "Financial Instruments". ECL are the discounted product of the Probability of Default (PD) and Loss Given Default (LGD).

Fair Value

The amount for which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction.

Fair Value Through Profit and Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative (except for a derivative that is a financial guarantee contract)

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

GLOSSARY (Contd.)

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Gearing

Proportion of total interest bearing borrowings to capital employed.

Gross Profit Ratio

Gross profit divided by revenue.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost, a measure of an entity's debt service ability.

Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Lease

A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to loss in the event of obligor default.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares in issue, a basis of share valuation.

Other Comprehensive Income

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

Present Value of a Defined Benefit Obligation

Present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Probability of Default (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average Capital Employed

Profit before tax plus net finance cost divided by average capital employed.

Return on Average Shareholders' Funds

Attributable profits to the shareholders divided by average shareholders' funds.

Right-of-use Asset

An asset that represents a lessee's right to use an underlying asset for the lease term.

Semi-Knocked-Down (SKD)

Units those are imported / exported in sets of new parts of a single model vehicle with type approval certificate from an internationally recognized institute which certified by the manufacturer that have been partly assembled and which are further assembled as a Completely Built Unit using imported and domestically manufactured components.

Working Capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NOTICE OF MEETING

Notice is hereby given that the **41st Annual General Meeting (AGM)** of Lanka Ashok Leyland PLC will be held at Lanka Ashok Leyland Conference Room, Panagoda, Homagama on 24th September 2024 at 11.00 a.m for following purposes.

1. To consider the report of the Directors' and the audited Financial Statements for the year ended 31st March 2024.
2. To elect Mr. R D Balasuramaniam as a Director of the Company in place of Ms. H. A. Bogodagedara.
3. To elect a Director in place of Mr. Amandeep Singh Arora who retires by rotation in terms of Article 84 of the Articles of Association of the Company and who being eligible, offers himself for re-appointment.
4. To re-elect Mr. D P Kumarage as a Director who is over the age of 70 years and who retires at the Annual General Meeting in terms of section 210 of the Companies Act, No. 07 of 2007 by passing the following ordinary resolution.

"It is here by Resolved that the age limit referred to in Section 210 of the Companies Act, No. 07 of 2007 shall not apply to Mr. D P Kumarage who is over the age of 70 years prior to this Annual General Meeting and that he be re-elected."

5. To re-elect Mr. N Sundararajan as a Director who is over the age of 70 years and who retires at the Annual General Meeting in terms of section 210 of the Companies Act, No. 07 of 2007 by passing the following ordinary resolution.

"It is here by Resolved that the age limit referred to in Section 210 of the Companies Act, No. 07 of 2007 shall not apply to Mr. N Sundararajan who is over the age of 70 years prior to this Annual General Meeting and that he be re-elected."

6. To re-elect Mr. D A Abeyawardene as a Director who is over the age of 70 years and who retires at the Annual General Meeting in terms of section 210 of the Companies Act, No. 07 of 2007 by passing the following ordinary resolution.

"It is here by Resolved that the age limit referred to in Section 210 of the Companies Act, No. 07 of 2007 shall not apply to Mr. D A Abeyawardene who is over the age of 70 years prior to this Annual General Meeting and that he be re-elected."

7. To declare a dividend as recommended by the Board of Directors.
8. To re-appoint Auditors and fix their remuneration, M/s KPMG Chartered Accountants who are eligible for re-appointment.

To consider and if thought fit, to pass with or without modification(s), the following as an ordinary resolution.

"Resolved that M/s KPMG Chartered Accountants are hereby appointed as Statutory Auditors of the Company, for the Financial Year 2024/25, on a remuneration of Rs. 2,725,000/- (Rupees Two Million Seven Hundred Twenty Five Thousand), in addition to reimbursement of out of pocket expenses."

9. To transact any other business of which due notice has been given.

By order of the Board



D A Abeyawardene
Director / Secretary

Colombo
09th May 2024

CORPORATE INFORMATION

NAME OF COMPANY	Lanka Ashok Leyland PLC
COMPANY REGISTRATION NO	P Q 168 (Former No N (PBS) 21)
LEGAL FORM	A public quoted Company incorporated in Sri Lanka in 1982. Re-registered as a Public Limited Company under the Companies Act, No. 07 of 2007.
DIRECTORS	Mr. K C Leshan De Silva - Chairman Mr. D P Kumarage Mr. N Sundararajan Mr. Gopal Mahadevan Mr. D A Abeyawardene Mr. Amandeep Singh Arora Mr. R D Balasubramaniam
COMPANY SECRETARY	Mr. D A Abeyawardene 80/12, Rubberwatte Road Gangodavila Nugegoda. Tel : 0112 801205
CHIEF EXECUTIVE OFFICER	Mr. Umesh Gautam
REGISTERED OFFICE	Panagoda, Homagama Tel: 011-2752320 / 011-2750232 E-mail: info@lal.lk Web: www.lal.lk
MARKETING OFFICE	41, Edward Lane R. A. De Mel Mawatha Colombo 03. Tel: 011-2502532 / 011-2590404 / 011-2592163 Fax: 011- 2502286
BANKERS	Bank of Ceylon Cargills Bank Commercial Bank of Ceylon PLC Indian Bank People's Bank Sampath Bank PLC Seylan Bank PLC State Bank of India
AUDITORS - STATUTORY	KPMG (Chartered Accountants) 32A, Sir Mohamed Macan Marker Mawatha, P.O. Box 186 Colombo 03.
AUDITORS - INTERNAL	Ernst & Young Consulting Services (Pvt) Limited (Chartered Accountants) Rotunda Towers No 109, Galle Road Colombo 03.
TAX CONSULTANTS	Dinitway Partners (Chartered Accountants) No. 7 ½, Devanampiyathissa Mawatha Colombo 10.

FORM OF PROXY

I/We.....

.....holder of NIC No.....of

.....being a *shareholder / shareholders of Lanka Ashok Leyland PLC, do hereby appoint

.....holder of NIC No:.....of

or failing him/her

- | | |
|--------------------------------|---------------------------|
| Mr. K C Leshan De Silva..... | of Colombo or failing him |
| Mr. D P Kumarage | of Colombo or failing him |
| Mr. N Sundararajan | of Colombo or failing him |
| Mr. Gopal Mahadevan..... | of Colombo or failing him |
| Mr. D A Abeyawardene..... | of Colombo or failing him |
| Mr. Amandeep Singh Arora | of Colombo or failing him |
| Mr. R D Balasubramaniam..... | of Colombo or failing him |

as my/ our* proxy to represent me/ us* and on my/ our* behalf at the Annual General Meeting of the Company to be held at Lanka Ashok Leyland Conference Room, Panagoda, Homagama on 24th September 2024 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken consequence thereof.

In witness my/ our hand/ hands thisday of Two Thousand and Twenty Four.

.....
Signature

* Note :

1. *Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY (Contd.)

Instructions to Complete Proxy

1. Kindly perfect the form of proxy by filling in legibly your full name and address by deleting one or other of the alternative words indicated by an asterisk in the body of the form overleaf in order to indicate clearly your voting instructions by signing in the space provided and filling in the date of signature.
2. If there is any doubt as to which way the proxy should vote by reason of the way in which instructions under (1) above have been carried out, no vote will be recorded by the proxy.
3. A proxy need not be a member of the Company.
4. The completed form of proxy should be deposited at the registered office of the Company, Panagoda, Homagama, before 11.00 a.m on 22nd September 2024 being forty-eight hours before the time appointed for the holding of the meeting.
5. If a form of proxy is signed by an Attorney, the relevant power of Attorney or a notarially certified copy of such power of Attorney should accompany the completed form of proxy for registration if such power of attorney has not already been registered with the Company.



Panagoda, Homagama, Sri Lanka.
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Web : www.lal.lk